The COMMERCIAL and FINANCIAL CHRONICLE

ESTABLISHED 1839

Reg. U. S. Pat. Office

Volume 191 Number 5942 New York 7, N. Y., Thursday, April 14, 1960 Price 50 Cents a Copy

Editorial AS WE SEE IT

If the national elections in this year of our Lord are going to offer the people of this country any great opportunity to express their preferences on basic issues, or any great hope of a real beginning of a return to traditional American programs and policies, evidence of the fact should by now be making its appearance. Little or no indication of anything of the sort is now visible, however, and unless the rank and file of the voters somehow find a way to make an effective demand for something of the sort, we are likely once more to inaugurate an Administration next year which will have little or no intention of making any sharp change from the paths carved out by the New Deal. Neither the President nor candidate Nixon has as yet shown any disposition to alter the course of government policies in any very meaningful way, and the democratic Democratic hopefuls, so far as the Presidential race is concerned, have been far too much engrossed in the ordinary garden variety of political maneuvering to give any solid basis for supposing that they—any of them—have developed a clear insight into the real needs of the country. The general impression given by Democratic members of Congress, who expect to stand for reelection later this year, is even worse.

The President the other day before a group of Republican women is believed by some to have laid a sort of basis for the Republican campaign arguments this summer and autumn. If so, the pleas of his party for support will be extraordinarily void of anything but boasting which is not always borne out by the facts. It may or may not be natural that the President did not grow more specific and forward looking in his remarks, since he himself is not to be a candidate for any office. But the fact remains that there is as yet little or nothing to indicate what specific assurances the party or its candidate is prepared to give the voter that policies henceforth will be more in keeping with the true American spirit and tradition. Some of the President's generalities—if such statements had not often in (Continued on page 27)

The Proper Solution to Problems Now That Inflation Has Subsided

By Per Jacobsson, Managing Director of the International Monetary Fund, Washington, D. C.*

Renowned international economist concurs with his observation of last September that world inflation seems to have come to an end. His report highlights past developments, cautions against complacency and prescribes line of attack against problems in an non-inflationary situation. Developed countries are urged to implement the Fund's Article VIII and to include less restrictions against primary commodities as part of their aid program to underdeveloped countries. Mr. Jacobsson concludes that a relatively stable price level provides the most reliable basis for sustained growth and requires practices inappropriate to inflationary periods.

This is the fourth time that I have had the honor to appear before the Economic and Social Council as Managing Director of the International Monetary Fund. I may perhaps take this opportunity to recall the general conditions which prevailed on each of these occasions, in order to indicate the improvement that has taken place in the monetary field.

Per Jacobsson

In April 1957, the strain, especially on sterling as a result of the Suez crisis, had not yet been overcome; at the same time the balance of payments position of many countries was affected by the intense economic boom in almost all the industrial countries. In addition, rumors about a possible revaluation of the German mark had begun to circulate, and, together with other factors, ushered in a period of acute tension in the foreign exchange markets of a great many countries.

At my next appearance before this Council in April 1958, effective steps had been taken to eliminate the tension and to restore a fair degree of calm in the exchange markets. But, at the same time, there were increasing signs of a recession in the industrial countries, and considerable concern was felt about the general liquidity position of the world.

A year later, in April 1959 when we met in Mexico City, the general situation was much more reassuring. At the end of 1958, 14 European countries had established the external convertibility of their currencies, and similar steps had been taken by quite a few countries in other parts of the world. There were distinct signs of a recovery in economic activity; but it could not yet be taken for granted either that the convertibility moves would prove successful, or that the recovery would continue; and it was not at all clear how these developments would affect the primary producing countries around the world.

Now, in April 1960, we can feel satisfied that the steps taken by the European countries at the end of 1958 have been crowned with success. The monetary reserves of these countries have been substantially increased, and they have very much reduced their reliance on discrimination in payments and trade. Economic activity has continued on a high level in these and other industrialized countries, but—it should be noted—under conditions which have not led to any appreciable increase in the average level of raw material prices. It seems, however, that the volume of international trade is again rising and this should help the marketing of products, even where prices have not risen much. Moreover, in many of the primary producing countries steps are being taken to overcome inflationary pressures, and in that way to make the best use of the resources that are available for development.

The improvements which have taken place have, of course, been primarily due to the determined actions of individual countries. But the International Monetary Fund (Continued on page 31)

PICTURES IN THIS ISSUE: Candid photos taken at the 34th Annual Dinner of the New York Security Dealers Association appear on pages 23, 24, 25 and 26.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

American Chicle Co.—O. Benedict Zeman, Partner, Hoppin Bros. & Co., New York City (Page 2)

Seligman & Latz, Inc. — Morton Globus, President, Globus, Inc., New York City (Page 2)

O. BENEDICT ZEMAN

Partner, Hoppin Bros. & Co.
New York City
Members New York Stock Exchange

American Chicle Co.

For the investor who is looking for a high quality stock of a very well managed company having a good growth factor, American Chicle should prove very interesting. Originating in 1899 as a consolidation of several chewing gum companies, American is the oldest and now the second largest company in the business. Starting with a capital of 60,000 $100 par value common shares and 30,000 $100 par value preferred shares, the capitalization today consists only of 2,860,005 shares of no par common.

O. Benedict Zeman

Since inception the company has given "rights" to the common stockholders on three different occasions and declared stock dividends twice. The common has been split three times, the last being two-for-one in December, 1958. Adjusted for stock purchased on "rights," stock dividends and split-ups, earnings have averaged $2.31 per share over the last ten years and the cash dividends paid have averaged $1.53 per share for the period. Thus, the ten-year average payout has been 66.2% of the average earnings. Sales have grown from $35.1 million in 1950 to $68.7 million in 1959 and are expected to reach some $73 million this year. Earnings were equal to $3.21 per share in 1959 compared with $2.95 per share in 1958.

The management reported to the stockholders at the annual meeting on March 22 that for various reasons it was difficult to forecast with any degree of accuracy the earnings for the entire year. For the first quarter of 1960 earnings are expected to be 80¢ per share. Therefore, I believe that earnings of $3.35 to $3.50 per share would be a reasonable expectation. In view of a liberal dividend policy, it seems reasonable to suspect that if these estimated earnings are realized an increase in the dividend may be expected. Last year the cash dividends paid totaled $2.00 per share which conceivably could be increased to $2.25 per share. American has a 34-year record of uninterrupted dividend payments.

Based upon the 1959 balance sheet, the company's financial position is exceptionally strong. Cash and U. S. Government securities at cost, total more than 1.7 times all current liabilities. Total current assets are 3½ times total current liabilities. There are no bank loans.

Brand names include such well known ones as "Chiclets," "Dentyne," "Beeman's," "Clorets," and "Rolaids." A newcomer to the chewing gum line is "Dentyne Spearmint," and has been adding substantially to sales and earnings. Development and promotional costs of new items usually are heavy and have a tendency to retard earnings in the year of introduction, although sales and earnings tend to increase materially in the following years. It has been reported that the research and development budget has been increased to $800,000 for 1960 from $600,000 last year. In this area there are some new products being developed which should prove interesting.

The company has factories in 11 countries and its products are sold in more than 100 countries. Recently President Pritchard pointed out that there was no investment in Cuba and activities there have been at a standstill for several months. The company has a factory at Lima which went into operation near the end of February this year and is capable of meeting Peruvian requirements. A new factory at Toronto, Canada, is expected to be in operation by the middle of 1960. The increase in the youth population in the U. S. and further expansion of foreign business in Canada, Mexico and Venezuela should prove favorable long-term growth factors.

The 1959 price range for the common stock was 55¾ high, 44¼ low. On the average price of 50 the shares sold for 15½ times 1959 earnings. This year the high, thus far, is 54⅛ and the low 46½ with an average of 50.3125. Based on estimated earnings of $3.45 per share for this year, the average price is 14½ times those estimated earnings. The ten-year average price-earnings ratio is 13.0 times. Currently the stock is selling around 48 which is 13.9 times 1960 estimated earnings. Allowing for a $2.00 dividend, the yield is 4.2% which is attractive for the investor wishing to participate in the growth of this exceptionally well managed company.

MORTON GLOBUS

President, Globus, Inc., New York City

Seligman & Latz, Inc.

Seligman & Latz is a growth company in a glamorous industry tied directly to the expansion of America's "teen-age" and "over-35" female population. It is a successful long-established company with more than 250 stores located in 143 cities scattered among 37 states, Mexico and the Dominion of Canada. Some 8 million woman customers troop in each year—not casually or to window-shop but to buy NOW. They pay their bills in cash and most of them (five million, at least) come back **again** and **again** for glamour. Each year, Seligman & Latz's business takes a gradually larger share of the public's spendable income which itself is rising steadily.

Morton Globus

Seligman & Latz is the king-pin of the beauty salon world, and a company whose shares were only recently made available to the general public. When it is considered that this concern earned $1.62 per share last year and today sells at but 14 despite the likelihood of substantial further gains, the thoughtful investor will "stop, look and listen." The current yield approaches 6%.

As with numerous other products and services, the Beauty Salon has evolved from a "prestige" affair for the wealthy woman to an everyday necessity for the average millions. "Darling, I was at the hair-dresser today" is as natural as mention of the weather in a vast number of American homes.

What does the beauty salon offer? Services include the cutting of hair, styling and permanent waving, dyeing and tinting, electrolysis, and manicuring. Note especially the item "dyeing and tinting." Restricted a generation ago to theatre folk and the like, today literally **everyone** dyes their hair — the once-laughed-at question of "Who has the Toni"? is omnipresent. What's more, once a woman dyes her hair, it stays dyed. Or rather, the dye or tint is continually changed to keep the hair alluring and of varied shade. And once hooked, does a woman forsake the dye after a few months and go back to her natural hair? Just ask her!

Investors should not underestimate the persistence of the devotion to the "coiffure." **Nothing** is more important to a woman than the way she looks, and all available evidence indicates that personal service costs like these are among the last things to go in times of economic downturn. Perhaps an analogy might be drawn to the use of such consumer items as tobacco, liquor or gasoline, which defy (in usage) all the moralists' invocations against them, and continue to sell in bad times exactly as they do in a boom.

Though the present corporate form of Seligman & Latz dates back to 1953, the company itself has operated successfully ever since before the First World War. Mr. Sidney Seligman and Mr. Edwin K. Latz, who founded the concern in 1911, are still its chief executive officers. Each of the eight persons now running the company have been with Seligman & Latz for more than a decade. Because the operation of a beauty salon is a highly specialized business, the large department stores in which these services are desired prefer their salon to be operated by an independent specialist (i.e., Seligman & Latz), which thus enjoys the prestige of association with America's proudest retail names.

All of the company's operations are conducted on leased premises, the average lease having an initial term of five years. If successful, an association with a given store is renewed for year after year. Otherwise, the operation can be discontinued with little loss, especially inasmuch as the salon leases are based primarily upon sales volume. The company has approximately 5,000 employees whose compensation, too, is geared largely to the volume of business they handle. Seligman & Latz thus possesses that inestimable corporate advantage of flexibility in its fixed costs under conditions of declining volume.

Not that sales show any signs of actually going down. Quite the contrary — personal service is a frequently overlooked growth industry. In addition to normal population increase, expenditures by women for grooming, toiletries and cosmetics has leapt ahead in recent years—witness the explosive sales growth of such com-

Continued on page 27

(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

The Coming Bull Market In Insurance Stocks

By Shelby Cullom Davis, Managing Partner, Shelby Cullom Davis & Co., New York City*

Past few years slumber of insurance stocks is ending according to Mr. Davis who pinpoints an impressive array of reasons why they "are ready to catch fire again." The writer indicates why, relatively speaking, he believes insurance shares will outperform other stocks, rise absolutely if the bear market is contained, and fall less if the bear market runs rampant. The arguments of the skeptics are answered and examples of fire, casualty and life companies are cited to buttress arguments made.

It takes a brave—or rash—man to talk about the "Bull Market in Insurance Stocks" when the Dow Theorists just a month ago sounded the death knell of the ten year bull market; and such widely respected publications as the *New York Herald Tribune* and others have fallen in line. But, paraphrasing, faint heart never won fair profits. Besides, the moving finger of the insurance stock averages is speaking—and proclaiming just as eloquently as the Dow Theory—that insurance stocks are acting better than the market. Most, indeed, have pushed well above their August 3, 1959 prices which marked the peak of the Dow Jones Industrials until the abortive January 5, 1960 break through.

Shelby Cullom Davis

Why the "Bull Market in Insurance Stocks"? We would be less than realistic to maintain that insurance stocks will stage an absolute price rise in face of a devastating bear market in stocks generally. So far, during the past eight months, insurance stocks have been quietly rising while stocks generally have been not so quietly falling. But that this could continue if stocks drop 100 points as in 1957 even taxes our credulity. We are speaking of relatives—that insurance stocks will outperform other stocks; that they will rise absolutely if the bear market in stocks is contained; that they will fall less if the bear market runs rampant. Here are our reasons, five in number.

Reasons for Optimism

(1) Underwriting figures are sharply improving. This is no longer a matter of speculation. It is factual. For example, among the "blue chips," Hartford Fire had total adjusted earnings last year of $3.02 compared with $2.35 in 1958. Continental Casualty's total adjusted earnings rose to $4.86 from $3.18. These figures, to be sure, include investment income. But since investment income increases generally 7-10% a year, it follows that the lion's share of the improvement lies in underwriting. Among the "good grades" Fireman's Fund of San Francisco had total adjusted earnings of $4.78 compared with $2.64 in 1958; the Springfield-Monarch Group's earnings climbed to $2.90 from $2.04; Great American's soared to $3.88 from $0.61. And in the "yield" category, returning 4-5%, Home's total adjusted earnings shot up to $5.03 from $1.98; Reliance of Philadelphia's earnings rose to $5.12 from $2.42 and American of New Jersey had total adjusted earnings last year of $2.14 compared with $0.07. This list could be expanded many times.

(2) Insurance stocks are fairly, if not indeed cheaply, priced. And these price times earnings ratios are based upon last year's earnings and not in year X, "into the pale blue yonder" which has fascinated so many industrials. Blue chips Continental Casualty and Hartford Fire are selling around 15 times last year's earnings, surely not exorbitant. Most of the others are selling at 10-11 times last year's earnings. And a large part, from two-thirds to three-quarters of last year's earnings among the stocks mentioned, is still derived from investment income which is stable and not cyclical. We should say "stable to rising" in the language of the weather man, "fair and warmer"—because it is a fact that the investment income of fire and casualty insurance companies rises annually because of the compounding process, on average 7-10% each year. Investment income earnings would seem to justify far higher price times earnings ratios by themselves alone that the 10-11 for the "good grades" or 15 times for the "blue chips" total adjusted earnings.

Yieldwise one can obtain better than the Dow Jones Industrial average on most insurance stocks and as much as 4½% on Reliance and close to 5% on American. For "blue chips," such as Continental Casualty and Hartford Fire the return is less, of course 1.7% and 2.3% respectively. But when have "blue chips" in any category ever produced yield?

In relation to net worth most insurance stocks are still available at heavy discounts, as much as 45% on Home, Great American and Springfield. Even "blue chip" Hartford Fire can be purchased 5% less than its net worth despite its long record of profitable underwriting and growth. Such conditions seldom last long.

The Crux of the Matter

(3) The improvement in underwriting should continue. This is probably the crux of the matter. Underwriting cycles have generally lasted five years from valley to peak—but not always. Much depends upon the rapidity of the improvement, whether it is slow

Continued on page 29

CONTENTS

Articles and News

Regular Features

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
GEORGE J. MORRISSEY, Editor
WILLIAM DANA SEIBERT, President
CLAUDE D. SEIBERT, Vice-President
Thursday, April 14, 1960

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.)

Other Office: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613).

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates

Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $65.00 per year; in Dominion of Canada, $68.00 per year; Other Countries, $72.00 per year.

Other Publications

Bank and Quotation Record — Monthly, $45.00 per year. (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

OBSERVATIONS...

BY A. WILFRED MAY

ON THOSE SLIPPERY SIGNALS

The never-ending disagreement among the practitioners over definition and interpretation of that most popular of market-beating *systems*, the **Dow Theory**, is actually their unrealized blessing. First, it supplies the faithful with a ready "out" for their trusted Theory when things go wrong. But even more important: non-uniformity among the players enables them to avoid the reduction to futility which would follow the concentration of too big a crowd doing precisely the same thing at the same time (indispensable to any *system* is the existence of some "crowd to beat").

This lack of agreement about the sacred creed is highlighted by the following communication from a reader:

Dear Mr. May:

This refers to your column of March 24th issue, "Jammed Signals in That Numbers Game." Unless misprinted, there seems to be an error in the premise of your statement, or else an argumentable, nonestablished report of fact. In which case, conclusions later reached are, you might say, clouded.

(1) Who says "a clearly defined major top" has been made? Last July? If so, that top was penetrated Jan. 4, 1960. And who says Jan. 4, 1960 was "a clearly defined major top"? On what authority? If the latter is a top, one cannot fairly claim that the "subsequent rally" will go higher or do so and so, because no properly definable rally from the January-March break has as yet appeared.

I'm speaking strictly of the D. J. Industrial Average in the above remarks.

We must start from the proper Dow Jones definition of the rules first. Otherwise the action of the D. J. Rails Index is without major significance.

I agree heartedly with much of your estimation of the importance of the D. J. Industrial-Rail relationship. However, I had thought that most sophisticated market commentators and evaluators had long since proved that this is a market of stocks and not a stock market; and that the rails were a part of the whole, just as the oils, chemicals, etc., are; and not a thing of themselves.

If viewed in that light, the D. J. Industrial Rails and Utilities take on a new and significant pattern, and properly correlated, give valuable information to the chartist.

D. H. MUDGE

Bache & Co.,
Palm Beach, Florida,
March 31, 1960.

Our summary of the Dow-ists' definition of a bear market on the premises that the Averages must first make a "clearly defined major top," followed by a definite fall, *et seq.*, was made on the authority of such Dow *maestros* as Edmund W. Tabell, of Walston & Co., and Ralph Rotnem, former President of the N. Y. Financial Analysts Society. The currently recognized and most widely-quoted, as Dow "High Priest," Richard Russell, insists with some complex reasoning, that the significant up-side *signals* be referred to as "highs" or "peaks" rather than "tops."

Mr. Russell based his "epochal" pronouncement made on March 3 last that a bear market had been started the previous July 8 (1959 A. D.) on the basis of the following esoteric *signals* (graciously reconfirmed by him at this writing): "Following the drop after the July 8 high for the industrials and rails; which carried down to the industrials' September lows of 616.45, and the rails' low of 146.65 in November; and then a final advance to a new 'high' (not 'top') on the Industrial Average at 685.47 on Jan. 5, 1960 (still A. D.), followed, again, by a new decline which carried both Averages down to **a violation of the previous lows**—this finally registering **the classic Bear Signal.** (Incidentally, this authoritative blessing on this latest of the typical lengthy intervals needed to discover what's been going on, surely substantiates our key indictment, demonstrated in the historical table in our March 24 article; namely, the recurrently long periods, comprising 65% of the time since 1898, in which practising Dow-ists should have been out of the market, and out of income.)

Mr. Mudge's observation that the 1959 summer tops were subsequently broken on Jan. 5, (a supposedly bullish "signal"), Mr. Russell "demolishes" with the "recognized" Dow gospel that this "high" (not "top") was achieved by the Industrials only — **and unaccompanied by those important Rails.**

Such insistence on the still-continuing indispensability of "confirmation" by the Railroad Average; or whether, in the 1960's, this represents an obvious anachronism represents another typical bone of contention among the *cognoscenti* —some of the unorthodox devotees daring to do away with those "antediluvian" leaders of yesteryear.

Benefits From Confusion

The conflicts in interpretation of the Dow gospel is advantageous both in, as we have pointed out above, lessening undue crowding at the market "exits" and "entrances"; and also, in offering misinterpretation of the perfect *system* as an alibi when things go wrong.

Basically, it is the easy "sell-high, buy-low" mirage tempting the gazer at a simple fluctuating past-performance chart, together with the alleged key to discovering a future "trend," that makes Dow following so popular.

The Sun-Spot Seasonal, Repeat-Performance Credos

Relying rather on future automatic *repetition* of Past Behavior, no matter how illogically, is venerated *Sun Spot Theory* — along with *Seasonal* citations of various types. (A recent issue of a popular Market Letter distributed by a leading Member Firm contains apple-pie neat tables and diagrams demonstrating that the stock market—both as to seasons and the entire year—has tended to repeat a similar pattern every decade; that is, the general course of stock prices in 1960 should repeat that of 1950, 1940, 1930, etc.)

Enjoying Snob Appeal

In the esoteric "egg - heady" category, and hence with "snob appeal," are the mathematical "wonder drugs" as moving averages, point-and-figure "work," and the like (with its own brand of "break-throughs" and "triple tops")—and inclusion of fantasies as "flag formations," "shoulders," "sensitive motion" scales, "explosion points"—all offering glamorous escape from the hard realistic facts of investment life!

THE INVESTOR ENGAGES IN SELF-PROTECTION

Sure enough, no time was lost by the several interested parties in offering their explanation for the fiasco greeting the Treasury's offering of 4¼% bonds due in 25 years and callable in 15.

Treasury Secretary Anderson accompanied his announcement of the meagre $370 million subscription total with blame on the issue's 4¼%-ceilinged interest rate. ("The disappointing results indicate that suggestions to the effect that the Treasury could get a substantial amount of debt extension, either by cash or advance refunding, under the 4¼% ceiling, were not well-founded.")

To Senator Paul Douglas of Illinois, doubling in his role of economist (he was one-time President of the American Economic Association) and leader of the politicians defending the 4¼% interest-ceiling, the morning-after explanation of the Treasury's plight was equally, if divergently, clear: The Treasury exhibited blatant stupidity in marketing the issue. ("They couldn't have done worse had they planned it that way . . . should develop better methods for marketing bond issues.")

Again, a canvass of investment experts elicited another reason for the Treasury's plight, namely: The potential lenders' expectations of coming higher interest costs resulting from a business upsurge.

Our Explanations

To the raging dialectics, political and economic, your columnist must now add his own explanations; two-fold in embracing both a phase of the return offered, plus, and most importantly, the unusual *Call* feature which adds insult to the yield injury.

Surely activating the investor apathy stemming from the inter-

Continued on page 13

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

In discussing the outlook for capital spending in the present year, the Federal Reserve Bank of Chicago, in the April issue of "Business Conditions," comments as follows:

"A recent survey indicates that business capital expenditures in 1960 will total $37 billion — up 14% over 1959. This is almost exactly the same as in the previous record year, 1957. It should be noted, however, that prices have risen somewhat since then.

"This estimate of plant and equipment outlays is based upon reports of a large number of business firms. It includes only domestic expenditures on new equipment and construction which are charged on the books of a firm as a fixed asset. It does not include capital outlays of farmers, nonprofit organizations, home owners or governments.

"Plant and equipment outlays currently are equal to about 7½% of all spending on goods and services. But they constitute one of the most volatile segments of spending and bear close watching in evaluations of business trends.

"During 1959, capital expenditures rose nearly 7% from the reduced level of 1958. This was virtually the same rise as recorded in 1955—the first year of recovery from the 1954 recession.

"In March of 1956, the capital expenditure survey projected a 22% increase in spending. Although there were offsetting errors for particular categories, this total was realized almost exactly. The indicated rise announced in the spring of 1956 was greeted with some skepticism, not merely because of its large size, but also because there was considerable speculation at the time that a recession was under way.

"The projected increase in capital expenditures is broadly based. At least a moderate rise is projected for each of the major industrial categories. Also, there appears to have been some improvement in long-run expectations since last November.

"It is notable that one of the largest increases in capital spending for 1960 is expected to come in the primary iron and steel group which is commonly thought to have some excess ingot capacity. Spending in iron and steel is expected to rise by 67% and to equal or exceed the record 1957 level.

"The auto industry, while capable of turning out far more cars than it can sell, has nevertheless reported plans to increase capital expenditures by 59% to more than $1 billion. The petroleum industry, with ample refining capacity, plans to increase spending by 18%.

"Only a small proportion of the expenditures this year will be for addition to basic capacity. All major types of raw materials are now in ample supply. However, substantial outlays will increase capacity for certain standard products, such as tin plate, galvanized sheet and cold - rolled sheet. These items have not been in adequate supply in periods of peak demand regardless of the industry's large ingot capacity. In other cases, outlays are needed for new or improved products, such as the aluminum engines and unitized body frames in the auto industry. But perhaps the largest share of capital goods outlays will be used to cut costs or improve quality.

"How firm are these intentions? Probably fairly firm according to past experience. New orders for industrial machinery and contracts awarded for commercial and industrial construction continue well above year-ago levels. A Chicago consultant on factory location states that his firm's backlog is the greatest in its history. Usually this firm's services are retained a year or more before 'ground is broken' on new construction."

Bank Clearings for Week Ended April 9 Increased 9.4% Over Similar 1959 Period

Bank Clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, April 9, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 9.4% above those of the corresponding week last year. Our preliminary totals stand at $25,436,136,111 against $23,251,266,558 for the same week in 1959. Our comparative summary for some of the principal money centers in the United States for the week ended April 9 follows:

Week End. April 9—	1960 (000 omitted)	1959 (000 omitted)	%
New York	$13,789,213	$12,252,896	+12.5
Chicago	1,220,378	1,134,288	+ 7.6
Philadelphia	1,031,000	982,000	+ 5.0
Boston	776,326	691,712	+11.4

Steel Inventories Termed About As High As They Will Go in '60

Steel inventories are about as high as they're going to go this year, "Steel," the metalworking weekly, declared.

Users will probably chew up about 21 million tons this quarter and add slightly more than one million to inventory. By June 30, stocks should level off at 20 million tons and change little during the rest of the year.

Inventories of 18 to 20 million tons are in the so-called normal band. That supply is equivalent to about 90 days of consumption.

Market observers hope that the slightly downward trend in steel buying signals a change in user practice that will tend to level out

the peaks and valleys in inventory accumulation. In the last four years, steel stocks have fluctuated wildly, hitting the normal band only when rising or falling through it.

From all indications, "Steel" said, users intend to keep their stocks in the reasonable range because: (1) Lead times are short. (2) Steelmakers have great flexibility and ample capacity for every product. (3) There is no danger of a strike and little likelihood of higher prices before Dec. 1. (4) Dollars tied up in inventories could almost certainly be invested more profitably.

A further reduction in steel production—but not a sharp drop—is expected this week as steelmakers adjust their output to reduced demand.

Mills are feeling the impact of slowdown in steel buying by the automakers. But brightening the outlook are the seasonal upturns in construction, canning, oil country drilling, and railroad trackwork.

Last week the operating rate fell from 88.7 to 85.9% of capacity. About 2,527,000 ingot tons were produced.

Scrap market prices held last week, following the recent sharp decline, but mill buying continues limited. "Steel's" price composite on the bellwether grade, prime heavy melting, stayed at $33.66 a gross ton.

The auto industry was the biggest customer of the steel companies in 1959, "Steel" reported. Steel service centers and distributors were second.

By overtaking service centers and distributors, the auto industry regained a position it has not held since 1955.

Last year the auto industry took 20.48% of mill shipments of finished steel of all grades. Service centers got 18.81%. In 1958, service centers received 18.20%, autos 16.90%.

Other customer groups showing gains over 1958 were machinery, industrial equipment and tools; and rail transportation. Five market groups which took less in 1959 than in 1958 were: Export, containers, construction and maintenance, shipbuilding and marine equipment, and ordnance and other military.

Says Steel Industry May Cut Operating Rate to 70% of Capacity

The rate of new steel orders continues to lag behind steel consumption and it will continue to do so for possibly six more weeks "The Iron Age" reports.

The current period of "correction" is caused by a combination of the almost fantastic 35 million tons of steel produced in first quarter 1960 and backlogs still existing on mill order books.

Until the backlogs are worked off, steel orders will not actively reflect the market picture, the national metalworking weekly says.

Mills this week report a mild improvement in new orders. But

Continued on page 47

A Sound Electronics and Quality Product Producer

By Dr. Ira U. Cobleigh, Enterprise Economist

A review of the progressive Magnavox Company which has made notable advances in stereophonic sound and in military electronics.

While many interesting and burgeoning electronic companies have only in recent years entered the industry, Magnavox is an oldtimer. It was incorporated in 1917 as a merger of Commercial Wireless and Development Co. and Sonora Phonograph Company, and has to its credit a number of "firsts." Magnavox produced the first electric phonograph, the first combined radio and electric phonograph and the first single dial radio receiver. Just two years ago it pioneered again with its introduction of stereophonic high fidelity instruments which, for the first time, brought into the home the true breadth, depth and modulation of sound from musical recordings. Since then stereo sound has been internationally acclaimed and Magnavox continues to occupy a position of leadership in the field. It offers a broad range of top quality hi fi instruments from a $79.50 portable to an exquisite remote controlled radio-phonograph console at $1,250. Whereas high market saturation in national distribution (above 90% of wired homes) has been achieved of TV sets and radios, only about 15% of the potential market has, up to now, been reached in the sale of hi-fi sets. So Magnavox views its future here with confidence.

A Well Balanced Company

Magnavox is a nicely balanced company. About one-third of its sales are from TV and radio sets, one - third from stereophonic equipment and sets, and one-third from military and industrial electronics. Magnavox ranks in the first ten among producers of TV and radio sets. But its industrial stature is quite unrelated to its size and has been achieved by advanced styling, sustained quality and superior performance of its products. In stereo and radio phonographs Magnavox sales now represent about 25% of industry volume; and last year Magnavox accounted for over 27% of 24-inch TV sets. In this size, Magnavox has offered "home entertainment centers" combining the 24-inch screen with either stereo hi-fi, or stereo high fi, AM and FM, phonographs. The company is also at work on an advanced electric organ which it expects to manufacture and merchandise later this year.

Magnavox has never entered into discount house selling. It sells its products direct to dealers rather than through distributors; and has an elite group of some 2,000 of the best retail outlets—department and furniture stores, music and appliance shops. Magnavox is unique in the fact that its product line is the only one in the business "fair-traded" in all states having such legislation; and it maintains excellent price control in those states which have no fair trade laws.

Company manufacturing facilities have been nicely decentralized and located in areas providing low manufacturing costs. Distribution and delivery is from seven warehouses strategically located throughout the country.

Expansion Abroad

Recently activities have been expanded by acquisition of Collaro, Limited of England. This company has, for five years, been supplying record changers for Magnavox phonographs. It ranks as one of the world's largest manufacturers of record changers, tape recorders and reproducing equipment. Further, Magnavox Electronics, Ltd., a new British subsidiary has plans to merchandise the Magnavox line in Great Britain using Great Universal Stores, a leading British retail chain, with 3,000 stores, as its principal distributor.

Military Electronics

Magnavox has a current backlog of about $70 million in military business. Military output is in five major divisions: (1) Airborne communications including UHF sets, and a new patented system of military and satellite communication; (2) Airborne radar; (3) Anti-submarine detectors; (4) missile and satellite components and (5) data processing equipment. This processing is done by two systems, Minacard which stores and recalls information by using photographic film; and Magnacard which stores information on individual magnetic cards.

All of the foregoing, the consumer as well as the military business, depends heavily for its progress on the quality research for which Magnavox has become well known. The company now spends $12 million annually on research and development, carried on by a highly competent staff in four modern laboratories.

Rising Earnings Trend

So, upon inspection, Magnavox appears to have developed all the phases of its business along intelligent, efficient and profit-prone lines. In creative research, manufacture, distribution, sales and forward planning the company shapes up well. The best evidence of this is in the trend of earnings. For the calendar year 1959 sales reached $107.8 million against $80 million in the preceding year. More important, net per share in 1959 was $1.99, almost double the $1.06 figure reported in 1958.

The year 1960 has started off handsomely for Magnavox. Sales rose 22% for the first quarter with net profits rising at an even higher rate. Incoming orders for television sets in March were 100% greater than in March, 1959. For the full year, sales of about $140 million have been projected and a per share net of above $2.50. All of which has tended to give MAG common a new buoyancy in the market. Investors have been watching the stock with interest, and a number of analysts have been giving the shares a "buy" rating at around the 40 level.

Magnavox common was split 2-for-1 last November and there are presently outstanding 2,351,602 common shares listed on the N. Y. S. E. Funded debt, ahead of this equity, amounts to only $4.5 millions. The present common dividend is $1 and the MAG has ranged, in 1959/60, between 24 and 42.

How does Magnavox compare with other electronic shares currently? Assuming 1960 earnings of $2.50 MAG is selling at 16 times net. This is low for an electronic equity, what with many such selling at 30 to 40 times net earnings. The working capital position of Magnavox is comfortable. The management echelon is composed of energetic younger men whose average age is 47. The record of the company as a money maker for the past 20 years is an obvious source of confidence to present and would be shareholders.

In a market that has acted a bit "tired" in many sections here is a stock that behaves with assurance and displays a forward look. Expansion of its overseas business, the introduction of its new electronic organ, the potentials for its data processing systems for industry as well as the military, the burgeoning popularity of stereo and hi-fi, and the sophisticated research program—all these are factors for glamor and growth in Magnavox. Further the reputation which the company has, for decades, enjoyed for the quality of its products has created an army of satisfied customers who will be thinking of Magnavox when it comes time to order anew. The sound of music comes out beautifully from a Magnavox console. The stock also seems to have a nice tone to it.

McCall V.-P. of Albert Frank Agency

The election of Clifford H. McCall, Jr., as a Vice-President of Albert Frank-Guenther Law, Inc. has been announced by Howard W. Calkins, Chairman of the board and President.

C. H. McCall, Jr.

Mr. McCall, an advertising account executive, joined the staff of the national advertising and public relations agency in 1955 following four years of service with the U. S. Department of State abroad as an Assistant Commercial Attache. Previously he had been with the American Telephone & Telegraph Co., and prior thereto he was with the New Haven Register.

Two With Bond & Share

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Joseph Slonin and Stanley R. Whitworth have been added to the staff of Bond & Share Co., 16 North Marengo St.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The tax-exempt bond market has been very quiet in recent days as a consequence of the light supply of new business. Moreover, some symptoms of easing prices were evident. *The Commercial and Financial Chronicle's* State and Municipal Bond Yield Index, which is not immediately sensitive to market changes since it is based on the offering side of the market, indicates the market's average loss for the past week at about three-eighths of a point. The average yield went from 3.40% last week April 6 to 3.433% on April 13. This market change about paralleled the previous week's action. During this two-week period, however, bidding for new issues continued on a highly competitive basis and new high levels (since December's lows) were reached in most instances. Yield indexes are normally based on prevalent secondary offerings.

Adversely Affected by New Treasury Issue

The market has been increasingly hesitant since the advent of the Treasury financing. This situation culminated in weakness on Monday and Tuesday of this week. As the new Treasury 4⅛s fell below 99, tax-exempts were quoted down and even new issue bidding seemed less competitive on Tuesday. This sharp market drop came about as abruptly as it did on February 18 and 19 when bids were backed off by dealers, thus creating a temporary market stalemate. During this period, Treasury issues were particularly easy and several sizable new state and municipal issues were scheduled for sale within a short time, posing a market glut. The market slowly recovered however, coincident with the cancellation of a few large flotations.

The situation as it exists this week is to a large extent similar. The Treasury issues, old and new, have sold off and have irregularly fluctuated for several days. Market confusion was compounded by the Treasury's $2,000,000,000 refunding issues of one-year bills which was sold at a price of 4.60%. A comparison with the new 25-year 4¼% bonds while not precisely pertinent, is none the less confusing even to those bond men who have become acquainted, if not accustomed, to violently fluctuating bond markets.

Dealers Puzzled

In the municipal end of things, dealers have begun to wonder again. As the supply of new issues dwindled, and yields have been reduced, the number and quality of customers have substantially lessened. In fact, dealers have begun to do considerable business just between themselves again. This kind of development is frequently trying and perhaps represents the lowest form of merchandising. It certainly is the least imaginative.

Municipal market conditions today further parallel the February spasm, in that new issue volume is building up daily to what may soon be sizable proportions. The coming week's calendar is heavy as is noted in some detail further below.

Hazy Outlook

Suddenly, our bond market perspective which has been hazy for months is dimmed by official statements and actions. The Treasury explains the sharp upward movement in rates as representing a strengthening economic situation. Concurrently, commercial paper has risen ⅛% to ⅜% and acceptances are up ¼%. It is also reported that the Federal Reserve is offering repurchase accommodations to government bond dealers carrying more bills than may be convenient. The extent of Federal open market operations will not be generally known until the weekly report is issued today, but support is said to have prevailed this week.

All of these factors seem to point up the bond market's vulnerability at present general levels to heavy new issue volume. In an economy as broad and as large as ours, it is obvious that the market must be continuously receptive. The market has been apparently trying to tell us that the interest rate structure must be uninhibited and that drastic fluctuation is inevitable if receptivity is to prevail under stress of varying volume. Our states and municipalities naturally don't enjoy financing at higher rates in view of the comfortable accommodations enjoyed for 25 years However, it may soon become better understood that the so-called dynamic quality that generates our economic growth may best be sustained by rates that are nourishing.

Recent Financing

During the past week several interesting new issues were brought to market. Last Thursday the New York City Housing Authority awarded $20,400,000 (1962-2010) bonds to a group headed by Chase Manhattan Bank, Chemical Bank New York Trust Co., Northern Trust Co., Salomon Brothers & Hutzler, Barr Brothers Co. and others. Priced at 99½ for 4% bonds maturing 2007-2010, the reported group balance is about $13,000,000. These bonds are guaranteed by New York City.

On Tuesday (April 12) four issues were bid for and offered. Escambia County, Florida (Pensacola) sold $3,235,000 school (1961-1978) bonds to the Kuhn, Loeb & Co., B. J. Van Ingen & Co., Kidder Peabody and Co. and Trust Co. of Georgia group. The long bonds were priced at 100 for 3.90s. The unsold balance is about $1,100,000. Durham, North Carolina awarded $3,000,000 (1961-1985) bonds to the First National Bank of Chicago, American Securities Corp., Dean Witter & Co. group. The long 3¼% bonds were priced out to a 3.35% yield. The issue is about half sold.

The $2,500,000 Oyster Bay, New York, Drainage District bonds (1960-1988) were sold to the Harriman Ripley & Co., Lehman Brothers, Smith, Barney & Co. group. The last three maturities were priced at par for 3.90s. The issue is about half sold.

The West Central Texas Municipal Water District (Abilene) awarded $9,000,000 general obligation (1976-1993) bonds to the group headed by Harris Trust & Savings Bank, Chase Manhattan Bank, White, Weld & Co., Continental Illinois National Bank & Trust Co. and Merrill Lynch, Pierce, Fenner & Smith. The interest cost bid was 3.988% and the balance in account is about $4,500,000 as of this writing.

Today, the First Boston Corp., Ira Haupt & Co., and B. J. Van Ingen & Co., as managers of a nationwide group, are offering $20,000,000 Puerto Rico Water Resources Authority electric revenue (1962-1997) bonds. Yields run out as high as 4.35%. Results from the offerings are not as yet known.

Big Week Ahead

Next week's total of new issues is more than $225,000,000. This includes $100,000,000 Triborough Bridge and Tunnel Authority serial and term bonds scheduled for sale about April 19 (a negotiated type loan), and $25,000,000 State of California serial bonds scheduled for sealed bids on the same day. On Wednesday, April 20, Philadelphia, Pennsylvania seeks bids for $29,260,000 serial bonds and Fulton County, (Atlanta) Georgia plans to sell an issue of $9,600,000. Also, the White Plains, New York, School District wants bids for $8,500,000 serial obligations.

The Smith, Barney & Co. Turnpike Bond Index indicates a slight easing in dollar quoted issues during the past week. On March 31, 1960 the average was 3.95%. On April 7, 1960 the index averaged 3.93% and on April 13 the figure was 3.96%. Although these bonds are generally sensitive to the market, their relative stability, in view of their long-term, is quite remarkable.

In addition to the anticipated rise in new issue volume, the "Blue List" total of state and municipal bonds is also showing some increase. On April 13 it was $292,885,500. A week ago the figure was $262,909,500. Although the current higher level is still relatively moderate, a trend may be starting. Next week's total will be important to our tax-exempt market.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.90%	3.75%
Connecticut (State)	3¾%	1980-1982	3.40%	3.30%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.40%	3.30%
New York (State)	3%	1978-1979	3.30%	3.15%
Pennsylvania (State)	3⅜%	1974-1975	3.25%	3.10%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.50%	3.35%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.65%	3.50%
Cincinnati, Ohio	3½%	1980	3.40%	3.25%
New Orleans, La.	3¼%	1979	3.75%	3.60%
Chicago, Ill.	3¼%	1977	3.85%	3.70%
New York City, N. Y.	3%	1980	3.90%	3.80%

April 13, 1960 Index=3.4333%

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

April 14 (Thursday)			
Chicago, Illinois	10,000,000	1962-1979	10:00 a.m.
Clark County School Dist., Nevada	6,000,000	1963-1980	8:00 p.m.
Port Jervis School District, N. Y.	3,350,000	1961-1990	2:00 p.m.
P. R. Water Resources Authority	20,000,000	--------	--------
April 15 (Friday)			
University of Washington, Wash.	2,000,000	1961-1990	2:00 p.m.
April 18 (Monday)			
Elyria, Ohio	1,100,000	1961-1985	Noon
Pima County School Dists., Ariz.	4,900,000	1961-1980	11:00 a.m.
April 19 (Tuesday)			
California	25,000,000	1962-1986	10:00 a.m.
Fallsburgh, Thompson, etc., Central School Dist. No. 1, N. Y.	2,050,000	1960-1987	3:30 p.m.
Mason, Michigan	2,025,000	1962-1986	8:00 p.m.
Montgomery County, Maryland	7,500,000	1961-1980	11:00 a.m.
*Triborough Bridge & Tunnel Authority, N. Y.	100,000,000	--------	--------
Wake County, North Carolina	1,000,000	1963-1980	11:00 a.m.
Whittier Union High Sch. D., Calif.	2,937,000	1961-1980	9:00 a.m.
April 20 (Wednesday)			
Ewing Township, New Jersey	1,175,000	1961-1981	8:00 p.m.
Fort Worth, Texas	5,400,000	1961-1985	2:00 p.m.
Kane County Sch. Dist. No. 131, Ill.	1,800,000	1961-1970	7:30 p.m.
Oyster Bay & No. Hempstead Union Free Sch. D. No. 15, N. Y.	3,600,000	1960-1988	2:00 p.m.
Philadelphia, Pennsylvania	29,260,000	1961-1990	Noon
Pierce County S. D. No. 10, Wash.	4,200,000	1962-1980	2:00 p.m.
Portsmouth, New Hampshire	1,000,000	1961-1980	11:00 a.m.
Reading City School District, Ohio	1,100,000	1961-1982	Noon
St. Louis County, Ferguson-Florissant Sch. Dist. No. R-2, Mo.	2,000,000	1963-1980	8:00 p.m.
Washington Toll Bridge Authority, Washington	3,500,000	--------	--------
April 21 (Thursday)			
Cedar Rapids Comm. S. D., Iowa	4,990,000	1962-1979	10:00 a.m.
Fulton County, Georgia	9,600,000	1961-1987	Noon
White Plains School District, N. Y.	8,500,000	1961-1988	Noon
April 25 (Monday)			
Foothill Junior College Dist., Cal.	4,400,000	1961-1983	11:00 a.m.
San Bernardino, California	1,000,000	1961-1990	1:30 p.m.
Shaker Heights, Ohio	1,200,000	1961-1980	12:30 p.m.
April 26 (Tuesday)			
Allentown Authority, Pa.	2,200,000	--------	11:00 a.m.
Ballston, Clifton Park, etc., City School District No. 1, New York	1,750,000	1960-1989	11:00 a.m.
Buncombe County, North Carolina	2,300,000	1961-1979	11:00 a.m.
Cleveland, Ohio	13,275,000	1961-1980	11:00 a.m.
Los Angeles City Sch. Dists., Calif.	16,000,000	1961-1985	9:00 a.m.
Louisville & Jefferson County Metropolitan Sewer Dist., Ky.	8,000,000	1978-2000	11:00 a.m.
North Miami Sch. Bldg. Corp., Ind.	1,250,000	1963-1990	10:00 a.m.
York County, South Carolina	1,000,000	--------	--------
April 27 (Wednesday)			
Amarillo Independent S. D., Tex.	2,000,000	1961-1973	1:00 p.m.
Kansas City, City Sch. Dist., Kan.	3,850,000	1960-1980	11:00 a.m.
New York City, N. Y.	75,000,000	1961-1990	11:00 a.m.
St. Louis Co., Hazlewood Sch. Dist. No. R-1, Missouri	1,400,000	1961-1980	8:00 p.m.
Spokane, Washington	1,000,000	1962-1980	10:00 a.m.
April 28 (Thursday)			
Abilene Ind. School District, Texas	2,000,000	--------	--------
Harris County, Texas	7,000,000	1961-1980	10:30 a.m.
Sacramento Municipal Utility District, California	30,000,000	1966-1999	11:00 a.m.
Southgate Community S. D., Mich.	2,100,000	1961-1985	8:00 p.m.
Union City, New Jersey	2,873,000	--------	--------
May 2 (Monday)			
Cascade County S. D. No. 1, Mont.	3,100,000	--------	7:30 p.m.
May 3 (Tuesday)			
Cook County, Illinois	9,500,000	1961-1980	11:00 a.m.
Minnesota	48,820,000	--------	10:00 a.m.
Pearl River Valley Water Supply District, Mississippi	8,800,000	1964-1999	10:00 a.m.

*Negotiated offering by Dillon, Read & Co., White, Weld & Co., W. E. Morton & Co., and Allen & Co. syndicate.

Management of Bank Funds

By Dr. John T. Masten, Professor of Economics, College of Commerce, University of Kentucky

Author provides bankers with a timely check list to help improve the state of their business. He also submits a list of short and long run forecasts wherein he advises bankers to err on the conservative side since "bank failures are not entirely a thing of the past . . ." The bankers are: admonished and shown how to analyze thoroughly their deposit liabilities and growth trend and their loan and investment portfolios; warned to keep bank capital aligned with bank asset increase; reminded of the distinction between primary and secondary reserves; advised that this year's prospect of profitability warrants reducing such profits through tax saving capital losses; and encouraged to know and make use of their knowledge of their community and the national economy.

Public confidence, in banks, and in our monetary and banking system, is an essential ingredient in our national welfare and prosperity. The "Management of Bank Funds" is, therefore, a topic worthy of consideration.

John T. Masten

The protection of bank funds against loss due to internal irregularities is of the utmost importance. In 1957, two banks failed, both because of financial irregularities. During 1958, three banks suspended operations, one due to poor management and two because of financial irregularities.[1] Two banks were placed in receivership during the first half of 1959. Banks do fail due to poor management and to financial irregularities, which is a form of managerial incompetence.

Sums lost through embezzlement are larger than amounts lost due to robbery. It goes almost without saying, that every bank should continually review its system of internal control. Periodic audits by a competent outside firm are recommended, particularly where a full time auditor is not employed.

A recent issue of *Burroughs Clearing House* notes the case of a bank in South Carolina that lost over $600,000 spread over a 23 year period. This shortage was not discovered until an outside firm audited the bank's books. Fortunately, this bank was adequately covered by an Excess Fidelity Insurance policy.[2]

The Administration of Bank Funds

If we regard the subject, "Management of Bank Funds" in its traditional content, we are concerned principally with the nature and distribution of assets, liabilities and net worth or capital. In this sense, each bank possesses individuality, having its own peculiarities and problems. Averages for the system as a whole can only serve as a guide.

There are, however, principals that have general applicability. By making the proper allowances for individual situations, principals and averages do have meaning and significance.

The most important obligation of the commercial banker is to pay his depositors *on demand*. In fact, commercial banks are the only private institutions serving the general public that have an obligation to *pay on demand*. To fulfill this obligation, a banker must have a thorough understanding of:

(1) his bank
(2) the community
(3) the state of the economy as a whole.

The Banker and His Bank

It is important that a banker have a thorough understanding of the nature of his deposit liabilities. Who are the people to whom he is obligated to pay on demand? What are their problems? Where do they work? Where do they live? These and other questions about the depositors deserve careful consideration.

Deposits usually fluctuate with some degree of seasonal variability. The nature and extent of this variability can best be determined by a study of past records. Figures, based on past performance, will aid in determining the need for seasonal liquidity. This in turn, will assist in shaping the bank's primary and secondary reserve policies.

In addition to information regarding seasonal variability, it is also desirable to know the trend, or rate of growth for both demand and time accounts. The trend, once it has been established, can be useful in predicting future capital requirements. The trend can also be used for competitive comparisons. If a bank is dissatisfied with its growth trend, serious consideration should be given to the use of market research in an effort to discover the reasons. In fact, market research may prove valuable even in a situation where the rate of growth appears to be satisfactory.

During the period from December 1949 to December 1958, the annual growth rate for time deposits at commercial banks was 6.4%.[3] Of course, one would expect different growth rates to prevail from community to community. Incidentally, the 6.4% growth rate for time deposits in commercial banks may be compared with growth rates of 16.0% for savings and loan associations and 20.4% for credit unions. With higher rates being paid this year by many savings and loan associations, and with the 3% ceiling on bank time deposits, sustaining the rate of growth will be difficult. Government and corporate bonds have also become more attractive as a competitive alternative to deposits.

It is also desirable for the banker to study carefully the size distribution and costs of deposit accounts. A study of demand deposit accounts of individuals, partnerships and corporations, as of Jan. 28, 1959, discloses some interesting data. It was found that banks held over 41½ million accounts with balances of less than $1,000. The accounts constitute nearly 81% of all demand accounts, yet they contribute only 9.2% of total demand deposits. At the other extreme, accounts of over $100,000 were less than 0.2% of the total number, but accounted for 37.2% of the volume.[4] Size alone does not determine the profitability of an account. Large accounts or special accounts usually impose higher liquidity requirements upon a bank.

A classification of accounts by type of depositor will supplement the information obtained in a classification by size. The importance of governmental, bank or other special deposit accounts will be clearly indicated.

The rate of deposit turnover, debits to individual accounts, if recorded over a period of time, will show changing conditions and needs. Currently, the rate for smaller banks is about 25 times per year. This rate is high by a comparison of rates that have prevailed during the last 25 years. Higher rates of turnover increase the possibility of sudden shifts in deposit balances. For member banks, it is likely to increase the need for maintaining a good standing at the Federal Reserve discount window.

Capital Accounts

Bank capital provides the "protective cushion." It not only protects the depositors with large balances, it also protects the stockholders' investment. A bank with inadequate capital, may be more profitable but it is also in a poor position to absorb losses. Where capital is adequate, mild financial squalls need not sink the ship.

At the end of 1959, American commercial banks had capital accounts equal to 7.8% of total assets. The growth in bank capital since the 1930's has not kept pace with the increase in bank assets. In 1934, capital was equal to 14.4% of assets as compared with the present 7.8%. However, the ratio has improved over 1945 when it fell below 6.0%.

Other things being equal, the more capital a bank has, relative to assets or to deposits, the greater is the protection afforded the depositors. Corporations with large deposit balances frequently analyze bank statements and take this factor into consideration in selecting banking connections.

Adequate capital not only protects, it also enables a bank to better serve the credit needs of the community. The larger the capital account, the larger the credit line that may be extended to a single borrower.

Excessive capital is seldom a problem but when it occurs, profits are diluted and frequently inadequate to warrant investment. It should be stated, that while capital is important, in the final analysis, it is not as important as the nature and quality of bank assets. Low capital ratios should impose conservative policies in the administration of bank funds.

Bank Assets — Primary Reserves

If a bank had only vault cash, it would have no difficulty in paying its depositors on demand. It would, however, have great difficulty in meeting its payroll. A bank must hold primary or cash reserves but it must also hold income producing assets. The proper balancing of this relationship is the most important management function in commercial banking.

For the banking system, primary reserves (cash and due from bank items) have tended to decline in recent years. From a peak of 33.1% in 1933, primary reserves now account for only about 19% of bank assets. The present figure, 19%, is close to the minimum unless or until there is a further reduction in bank reserve requirements. This is verified by a look at the level of free reserves which, in recent weeks, have been negative by about $500 million.

Even today, however, one can find banks with primary reserve percentages of 30 or 35% and higher. These are usually small country banks. Such a high percentage is seldom justified, unless there is a very special situation involved. The banks concerned, and the money market in general, would be better served if excess cash positions were made available through the market. Little additional risk is involved when unneeded funds are placed in Treasury bills.

Secondary Reserves

Secondary reserves are sometimes called the second line of defense. They can easily and quickly be converted into cash assets. To qualify as a secondary reserve, an asset must be: (1) short-term, (2) high-grade and (3) readily marketable. While commercial paper, banker's acceptances and call loans may meet this test, most small banks will rely upon short-term Treasury issues for secondary liquidity.

Since the concept of a secondary reserve is a banking rather than a legal concept, it has no precise or generally accepted definition. Some authorities would include only U. S. Government marketable issues with maturities of one year or less. Other authorities would include maturities up to five years. For myself, I am willing to use the five year concept if it is understood that a large portion of the portfolio matures within one year. The balance may be spread, preferably in descending order, over the remaining four years.

In recent months, the secondary reserves of the banking system have tended to decline. At the end of 1958, commercial banks held about 6.0% of their assets in the form of marketable U. S. Government securities with maturities of one year or less. Extending the period of five years, the percentage was 18.5. By the end of October last year, the one year or under percentage had dropped to 4.1% and the five year percentage to 17.0. The current level is

Continued on page 14

1 *Annual Reports*, Federal Deposit Insurance Corporation.
2 *Burroughs Clearing House*, January, 1960, pp. 28, 29.

3 "Growth of Selected Savings Media During the 1950's," *Monthly Business Review*, Federal Reserve Bank of Cleveland, January, 1960, pp. 8-10.
4 George Garvey, *Deposit Velocity and Its Significance*, Federal Reserve Bank of New York, 1959, p. 42.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Aluminum—Survey with particular reference to **Kaiser Aluminum & Chemical, Reynolds Metals Co., Aluminium Ltd., and Aluminum Company of America**—Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Atomic Letter No. 56—Comments on new and sizable customer for Radiation Instrument Industry—Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C. Also available is a bulletin on **Share in American Industry, Inc.**

Burnham View—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current Foreign Letter.

Canadian Market — Review — Saunders Cameron Limited, 55 Yonge St., Toronto 1, Ont., Canada.

Canadian Mining Stocks—"Blue book" outlines most active issues including reviews of 14 gold stocks, 5 uranium stocks and 20 copper and base metals stocks—Draper Dobie and Co., Ltd., 25 Adelaide St., West, Toronto, Canada.

Cement Industry — Analysis — Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are a study of **Growth Stocks**, an analysis of **Central Soya Co.** and data on **Pittsburgh National Bank, Universal Match, Consumers Power, Chicago & North Western, St. Regis Paper, Dashew Business Machines, Draper Corp., Federal National Mortgage Association, Investors Diversified Services,** and **Pioneer Plastics.**

Convertible Bonds — Comparative figures—Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y.

Hawaii — Detailed study of the economy of the state—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

India—Study—First National City Bank of New York, 55 Wall St., New York 15, N. Y.

Japanese Imports — Review and outlook in April issue of "Investor's Digest" — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. In the same issue are analyses of the **Heavy Duty Electric Equipment Industry and Automobile Sales.** Also available are reports on **Mitsubishi Shipbuilding and Engineering Co., Ltd., Sumitomo Chemical Industry Co., Kawasaki Steel Corp., and Tokyo Electric Power Co. Ltd.**

Market Review — Quarterly review—National Securities & Research Corp., 120 Broadway, New York 5, N. Y.

Marketing Methods for Your Block of Stock: An Investment Manager's Handbook—The New York Stock Exchange, 11 Wall Street, New York 5, N. Y.

Nebraska Municipal Subdivisions—Statistical information 1959-1960—Storz-Wachob-Bender Co., 3624 Farnam Street, Omaha 31, Neb.

New York City Banks—Comparative figures on ten largest banks—Bankers Trust Co., Bond Department, 16 Wall St., New York 15, N. Y.

New York City Banks—Report on first quarter operating results—Kidder, Peabody & Co., 17 Wall St., New York 5, N. Y.

1960 Railroad Estimates — Bulletin—Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Public Utility Common Stocks—Comparative figures—G. A. Saxton & Co., Inc., 52 Wall St., New York 5, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Puerto Rico Water Resources Authority — Report — Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Shoe Industry—Review with particular reference to **Nunn Bush Shoe Co.** and **Edison Brothers Stores**—The Milwaukee Co., 207 East Michigan St., Milwaukee 2, Wisconsin.

Switch Suggestions — Bulletin — Bache & Co., 36 Wall St., New York 5, N. Y. Also available is a review of the current market situation and an analysis of **Johns-Manville.**

Understanding Put & Call Options — Herbert Filer — Crown Publishers, Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

World Trade and the Dynamic Los Angeles Metropolitan Area—Analysis—Union Bank, Los Angeles, Calif.

* * *

Allied Chemical Corp.—Analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

Allied Radio Corporation—Analysis — Hill Richards & Co., 621 South Spring St., Los Angeles 14, Calif. Also available is an analysis of **California Water & Telephone Co.**

American Electronic Laboratories—Report—Ball, Pablo & Co., 1000 Connecticut Ave., N. W., Washington 6, D. C.

American International Bowling—Analysis—Ross & Hirsch, 120 Broadway, New York 5, N. Y.

American Machine & Foundry — Analysis — Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

American Photocopy Equipment Company — Analysis — Cohen, Simonson & Co., 25 Broad St., New York 4, N. Y.

American Smelting & Refining Company — Analysis — Droulia & Co., 25 Broad Street, New York 5, New York.

American Telephone & Telegraph Company — Data in current issue of "ABC Investment Letter" — Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y. Also in the same issue are data on **Blaw Knox Company, Reichhold Chemicals, Inc., American Marietta Co.** and **Citizens Utilities Co.**

Anheuser Busch Inc.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is a report on **Utilities** with particular reference to **Atlantic City Electric Co., Central Hudson Gas & Electric Corp., Citizens Utilities Co., Indianapolis Power & Light Co., Union Electric Co.** and **Utah Power & Light Co.**

Atlantic Coast Line-Alico Land—Analysis—Schirmer, Atherton & Co., 50 Congress Street, Boston 3, Mass. Also available is an analysis of **Baird Atomic, Craig Systems, Inc.** and **Ludlow Corp.**

Aunor Gold Mines Limited—Data—Doherty Roadhouse & Co., 335 Bay Street, Toronto, Ont., Canada. Also in the same bulletin are data on **Pamour Porcupine Mines Ltd.**

Bank of America—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Bendix Aviation Corporation — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **El Paso Natural Gas Company, Transamerica Corporation,** and **Consolidated Cigar Corporation** and an analytical brochure on **Peabody Coal Company.**

Borg Warner—Data in April Market Review—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. In the same issue are data on **Celanese Corp., W. R. Grace and National Distillers.** Also available are reports on **Burroughs Corp., Certain Teed Products, United Airlines** and a bulletin of **Railroad** briefs.

L. E. Carpenter & Company, Inc.—Analysis—Carroll Co., 150 Broadway, New York 38, N. Y.

Cary Chemicals Inc. — Analysis — Binday, Riemer, Collins & James, Inc., 44 Beaver Street, New York 4, N. Y.

C. I. T. Financial — Memorandum—Goldman, Sachs & Co., 20 Broad Street, New York 5, N. Y. Also available is a memorandum on **Consumers Power.**

Celanese—Memorandum—Gruntal & Co., 50 Broadway, New York 4, New York.

Clevite Corporation — Analysis — Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y. Also available is a report on **Decca Records.**

Combustion Engineering Inc. — Review—Van Alstyne, Noel & Co., 40 Wall Street, New York 5, N. Y. In the same circular are reviews of **Gillette Co.,** and **Hertz Corporation.**

Continental Baking Co. — Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. In the same circular is a review of **Magnavox Company.** Also available is a list of recommended **Common Stocks.**

Continental Insurance — Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, New York.

Dayton Aviation—Report — Simmons, Rubin & Co., Inc., 56 Beaver Street, New York 4, N. Y. Also available are reports on **Douglas Microwave, Crompton & Knowles** and **Big Apple Supermarkets.**

Decca Records — Data — L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also in the same circular is an analysis of **Outboard Marine Corporation.**

du Pont of Canada Ltd.—Analysis—Osler, Hammond & Nanton, Ltd., Nanton Building, Winnipeg, Man., Canada.

Ecuadorian Corp., Ltd. — Memorandum—G. H. Walker & Co., 45 Wall Street, New York 5, N. Y.

Eurofund Inc. — Memorandum—Glore, Forgan & Co., 45 Wall Street, New York 5, N. Y.

Federal National Mortgage Association — Analysis — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Ferro — Memorandum — John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Food Fair Properties, Inc.—Report—Eastman Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also available is the quarterly review of favored common stocks.

Friden, Inc.—Review—Alfred L. Vanden Broeck & Co., 55 Liberty Street, New York 5, N. Y. Also in the same circular are reviews of **Globe Union Inc.** and four **Electric Utilities.**

W. R. Grace & Co.—Annual report—W. R. Grace & Co., 7 Hanover Square, New York 5, N. Y.

Grumman Aircraft Engineering Corp.—Data—Purcell & Co., 50 Broadway, New York 4, N. Y. Also in the same circular are data on **Hermes Electronics.**

Hanover Bank of New York — Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Harshaw Chemical—Memorandum—Pershing & Co., 120 Broadway, New York 5, N. Y.

Hiram Walker - Gooderham & Worts Ltd.—Analysis—McLeod, Young, Weir & Company, Ltd., 50 King Street, West, Toronto, Ont., Canada.

Hoover Company — Analysis—Chace, Whiteside & Winslow, Inc., 24 Federal Street, Boston 10, Mass.

Hydrochemicals, Inc.—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Morrison Knudsen Company, Inc.,** and a report on **Pacific Gamble Robinson Co.**

Interchemical Corp. — Analysis — Orvis Brothers & Co., 15 Broad Street, New York 5, N. Y.

Kawecki Chemical—Memorandum—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available is a memorandum on **Oxford Chemical Corp.**

Kellogg Company—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on **Potash Company of America.**

Kendall Co. — Analysis — Weingarten & Company, 551 Fifth Avenue, New York 17, N. Y.

Lazard Fund—Quarterly report—Lazard Fund Inc., 44 Wall Street, New York 5, N. Y.

MacMillan, Bloedel & Powell River Ltd.—Bulletin—Financial Counsel, 25 Melinda Street, Toronto, Canada. Also available are bulletins on **Robert Mitchell Co. Ltd.** and **Provincial Transport Co.**

Magnavox—Memorandum—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y.

Magnavox Company — 24 page study—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

McNeil Machine & Engineering Co. — Analysis — A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available is a report on **Heavy Truck Makers** with particular reference to **White Motor, Mack Trucks** and **Fruehauf Trailer.**

Mercast Corporation — Report — Hanson & Hanson, 40 Exchange place, New York 5, N. Y.

Mergenthaler Linotype Company — Analysis — Schweickart & Co., 29 Broadway, New York 6, N. Y.

Microsonics Inc.—Memorandum—du Pont, Homsey & Company, 31 Milk Street, Boston 9, Mass.

Monroe Auto Equipment Company—Analysis—Fulton Reid & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

Mountain Fuel Supply Company—Analysis—Cruttenden, Podesta & Co., 209 South La Salle Street, Chicago 4, Ill.

Multi-Amp Electronic Corporation—Analysis—G. Everett Parks & Co., Inc., 52 Broadway, New York 4, N. Y. Also available is a report on **B. H. Harrison Electrosonics Inc.**

National Biscuit Co.—Memorandum — F. P. Ristine & Co., 15 Broad Street, New York 5, N. Y.

National Standard Electronics—Memorandum—William Norton & Co., 44 Wall Street, New York 5, N. Y.

Polarad Electronics — Analysis—Herbert E. Stern & Co., 52 Wall Street, New York 5, N. Y. Also available is a bulletin on **New York, Chicago & St. Louis Railroad.**

Polaroid — Review — Shields & Company, 44 Wall Street, New York 5, N. Y. Also available are data on **Anaconda** and **Western Union.**

Procter & Gamble—Memorandum—Woodcock, Moyer, Fricke & French, 123 South Broad Street, Philadelphia 9, Pa.

Purolator Products Inc.—Bulletin—Dempsey-Tegeler & Co., 723

Continued on page 45

Significance of the Revised Industrial Production Index

By Clayton Gehman,* *Chief, Business Conditions Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System*

Keeping in mind the Cold War usage of comparative economic growth data, Federal Reserve's business economist describes recently revised 41-year-old FRB index of physical production. He also shows the changing diversity of our economy as revealed in the production indexes. The author points out the revision indicates that the postwar World War II industrial expansion has been about as fast as during the booming twenties—heretofore understated in the old FRB index; that the strength of the present recovery cannot be attributed to steel inventory building in anticipation of the last strike; that cyclical downward changes stem from excessive expansion in periods of business boom and upward swings from quick consumer goods revival; and that consumer goods production and institutional personal income stabilizers have become increasingly important in keeping national industrial activity up. Mr. Gehman also points out how the revised index sheds light on the longer run process of economic growth wherein consumer goods output prior to and since 1953 has had a 3½ to 4% growth per year.

The first major revision of the FRB industrial production index since 1953 was presented in the Federal Reserve "Bulletin" for December, 1959 and in our January release of the December figures, it was indicated that output in January would be at an all-time high. This level will probably be about 12% above a year ago and 30% above the April 1958 low point. About the middle of January, Mr. Khrushchev stated in a report to the Supreme Soviet that from 1953 to 1959 industrial production in Russia increased 90% and that U. S. production increased 11%. The revised FRB index rises 15% over the same annual average intervals, while from the latter part of 1953, after the end of the Korean War, to the beginning of this year the rise was 30%. It is not evident from the Soviet report whether the 11% figure was used because it was a smaller number than 15% or because of delays in Russian information channels. The average for the year 1953 is also used by some domestic observers of U. S. trends as a starting point for comparisons even though it included the Korean War period.

Clayton Gehman

These figures are cited partly to indicate how they can be used to serve political ends and partly to indicate the range of differences in growth between two major countries in different stages of industrial development.

Economic comparisons, freed of political implications, can be useful in understanding the influences at work in growth developments which in this country are greatly diversified. A keener appreciation of the vitality of our system can come from a knowledge of the changing variety of the goods involved and the endless process of economic adjustment in various regions of the country.

In my presentation I would like to bring out some of this diversity as seen through actual and potential uses of production indexes, but first some description of the FRB index and its recent revision.

Describes Revised FRB Index

About 35% of the nation's total production is accounted for by the output of factories, mines, and electric and gas utilities. This is the portion of the national economy which is directly represented by the industrial production index. Another 25% or more of the total economy's activity is involved in the distribution of industrial products and their use in the construction industry. Altogether, then, industrial production developments are directly and indirectly, related to about three-fifths of the nation's economy. The major activities not so related are the private and public services provided for consumer and business use which are a relatively stable portion of our economy.

In summary it might be said that the unique aspects of the production index are, (1) it is a physical volume measure based on quantity series, (2) it covers all stages of processing, (3) it is compiled monthly, and (4) it is available over a span of 41 years.

On the first point it may be noted that individual component series are based on physical measures, for example, on tons of steel, pairs of shoes, and the number and gross weight of motor trucks produced which means that monthly fluctuations are not affected by price changes.

Secondly, the index directly represents production fluctuations in materials at all major stages in the production process as well as in finished goods. This is illustrated graphically in the flow chart distributed with the December issue of the "Bulletin." In the broad left-hand panel of that diagram nearly 100 individual major series are shown and grouped separately for minerals, utilities, and manufactures. The size of the boxes shows the relative economic importance of the series in the year 1957. Under metallic minerals iron ore is shown to flow over to pig iron, to steel ingots and castings, and through various metal parts to the finished consumer and equipment products shown in the right-hand panel. These final products are measured separately in the index by 109 series.

As mentioned earlier, the index is calculated monthly and this can be of strategic importance in analyzing cyclical changes. The index is available historically in detail so that it is possible to see changes in any combination of months in relation to any other time period back to 1919.

As Fast As Booming '20s

In the light of the current interest in national growth rates, it may be noted that industrial expansion during the postwar period has been about as fast as during the booming '20s. Over the past decade industrial output has increased by two-thirds with demands sharply stimulated in the early part of the period by the outbreak of the Korean War and a stepping-up of defense expenditures by $30 billion per year in the 1951-52 period. The relatively more rapid postwar expansion in industrial production is depicted by the recently revised total index for the period from 1950 to 1955.

The margin of difference of 8% between the old index and the new total before the steel strike began last summer reflected two factors. One-third of the higher level was due to a broadening of the coverage to include the rapidly growing electric and gas utilities. The remaining two-thirds of the upward revision reflected mainly adjustment of the old series for factory output to more recent comprehensive census levels. Results of the revision suggest that the volume of production outside the industrial sector also has probably increased more than currently available data on retail trade, inventories, and prices indicate. Consequently, the total performance of the national economy may be understated by existing figures.

The chief analytical interest in the FRB index is in its fluctuations from month to month and over longer-term periods. For both the businessman and the economist these fluctuations are of three main types: First, the seasonal movements; second, cyclical movements; and third, the growth movements.

Seasonal Fluctuations

There are probably few places in the United States where there is a better public understanding of the impact of seasonal movements on business developments than in Florida. Many are familiar with the swings in tourist travel from winter to summer and with the efforts to reduce these swings by such devices as reductions in tourist rates during the off-season.

Patterns of seasonal fluctuation in production or trade figures are fairly predictable from one year to another and for the purpose of business analysis it is possible to calculate their usual range. Seasonal fluctuations in production can arise because of supply developments, such as crop harvests, as well as from demand influences such as the Christmas trade.

In the revised index we have tested the use of electronic computations to develop more seasonally adjusted breakdowns which should increase the possibility of business use of these measures. Generally we found that such calculations were more satisfactory for series that are not subject to sharp cyclical changes such as series for sales of electricity for residential uses. We have developed such a series to see the way in which the use of residential electricity has grown in the State of Florida compared with the total for the country. The U. S. growth rate for this series has been about 10% per year since 1947, while for Florida it has averaged about 17%.

The businessman and the economist need to have a clear notion of seasonal patterns for two broad purposes. One of these is for the purpose of studying markets for goods and planning sales and production schedules—in order to know the timing and amount of amplitude in seasonal fluctuations. The second purpose is to be able to eliminate the effect of seasonal fluctuations in order to determine and interpret the residual non-seasonal movements in activity in the particular industry or the national economy.

Cyclical Changes

A major new feature of the revised FRB index for use in seasonal and cyclical analysis is a rearrangement of the 207 individual production series by common markets such as for home furnishings, as well as to group them by type of industrial process such as in the chemical or textile industry. These various groupings greatly widen the range of possible comparisons which business units can make to gauge their own performance against the national experience, either on a product or an industry basis. Allowances must usually be made for seasonal influences and, of course, there still remain differences in amplitude of fluctuations from one product to another. The main point being made here is that output trends on the upside and downside tend to be similar for goods subject to common demand influences.

We have an illustration of this in our various monthly indexes for output of major household goods. These are available for the whole postwar period and show seasonally adjusted monthly fluctuations in output of furniture and rugs, on the one hand, and of appliances, television and home radio sets, on the other. It can be seen that the range of fluctuation from top to bottom is larger for the more volatile area of appliances than for furniture. But in those periods when business is improving or declining for one, the movements are generally similar for the other. An excep-

Continued on page 30

Uses, Misuses and Abuses Of Our Money and Credit

By Dr. Gabriel Hauge,* Chairman, Finance Committee, Manufacturers Trust Co., New York City

Former economic assistant to President Eisenhower exposes fallacies said to be contained in current and recurrent monetary myths. In agreeing with the Quantity Theory of Money, Dr. Hauge cites harm caused by inflation, attacks illusions held by perennial cheap money advocates, and shows how cheap money policy would adversely affect our balance of payments and imperil our dollar as a key world currency. Critics of independent central banking system and flexible monetary policy are criticized for being unable to achieve a large budget surplus in boom times and to offer no real alternative for stability and growth.

My purpose is not to discuss banking, but rather its stock in trade, money, which is much loved but less well understood. Everybody talks about money, and most of us would like to do something about it. Controversies over the supply of currency, condemnations of usury, demands for credit echo down the corridors of history. In that sense currency discussions retain an ancient ring. The issues and problems remain familiar, for man remains the same.

Dr. Gabriel Hauge

In defiance of history and current events, many still cling to the views of frontier societies and subsistence economies, where money was a mere accounting artifice, a trading convenience. In a backward economy, production and barter are measured in goods, and so the expression, "It's only money," represents a harmless belief, and is partially true. In our world, however, such a lightheaded view is obviously false. Money does matter. Spendthrift societies are quickly disowned. Care for the currency is a price for survival.

Uses of the Currency

Money is the instrument that helps accomplish the world's work. But it is more than a countinghouse drudge. Money is to some degree a mirror. The state of a nation's monetary system reflects in an important way the character of its people, their quality of mind, and the life of the society. It serves in its way as the coin of public conscience.

The rise of credit as a means of payment is one of the most revolutionary advances in the moral history of mankind. A personal check declares that a man is as good as his word, and that others accept his word as his bond. Coins of old bore the monarch's seal, and often his likeness, attesting to their weight and fineness. Now every man is king. Even as psychologists gain an insight into a man's personality from the way he handles his money, historians can weigh nations by how they handle their currency.

The government that pays its debts in depreciated currency violates a social compact, setting group against group, and the people against itself. Whoever acts to debase the currency robs us all. A society that cannot manage its money cannot manage itself. A country unable to defend its own currency is not well qualified to lead others.

The institution of money, moreover, underpins personal freedom in a complex society. It serves as impartial arbiter of conflicting desires. It smooths voluntary compromise between buyer and seller. It expresses agreements on personal obligations. It is a store of security and personal independence. It multiplies choice. Without the agency of money, a complex society would have to be powered by the personal, coercive relations of master and servant and guided by complicated and inflexible rules.

Many are these vital uses of the money system. Inevitably there are misuses and abuses, the result of public misunderstanding. It may be worth examining whence some of them spring.

Some Abuses of the Currency

More Money: American folklore is rich in monetary mythology. Like most myths, the money fables embody a kernel of truth in thick husks of fiction. None sounds more reasonable than the story that runs as follows: since money in a man's pocket makes him rich, then just putting more money in everybody's pocket makes everybody that much richer. Stripped to its bare bones, this folk myth is the logician's old fallacy of composition: what is true of each of us separately, must be true for all of us jointly. According to one version, we can all get rich by taking each other to the cleaners or, in the Scottish variant, by taking in each other's washing. This myth has a surprise ending: the horn of plenty turns out to be a printing press, or the more sophisticated versions of modern greenbackers.

This popular belief reappears slightly disguised as the purchasing power fallacy. It lurks behind nearly every demand for increased public spending and a money supply enlarged beyond the needs of a healthy trade and commerce as the panacea bringing full employment, high incomes and more rapid growth to boot. The underconsumptionist fear, that over-all consumer demand cannot sustain high levels of output, is usually at the bottom of this notion. It thrives despite the fact that consumer demand has demonstrated exceptional strength even in slumps. The fears are so contrary to fact that they would probably be repudiated by their gloomy intellectual godfathers, among them Malthus and Marx. Yet the purchasing power fallacy persists, for it holds promise of a panacea for poverty and unemployment. Moreover, it is congruent with the political theorum of large numbers.

Another myth leading to the same abuses and the same results has a somewhat different plot. This is the "a little inflation is good for the country" fable. Less naive than the purchasing power fallacy, it recognizes that overexpansion of the currency will raise prices. But so what, if paychecks keep up with price indices? Expectation of rising prices is a stimulus to spending now, and one man's spending is another man's income. It is also a stimulus to borrowing, with anticipation of repayment in depreciated currency, and therefore likewise a boon for investment.

Supports Quantity Theory of Money

The value of money, like the value of almost anything else, varies inversely with its quantity. Unrestrained credit expansions inevitably force prices up, lowering the value, or the purchasing power, of the dollar. Inflation repudiates long-range commitments, disrupts relations between person and person, disturbs relative values and prices, confuses economic planning, cuts savings, and redistributes incomes in ways unrelated to economic efficiency or social priorities. It tends to aggravate economic fluctuations, to encourage speculation, and to retard long-term economic growth. Excessive multiplication of the money supply does not enrich but impoverishes a nation.

Lower Price for Loans: In a modern version of yet another medieval monetary myth, dear money is the villain of the piece. Cheap money, or low interest rates, is the hero who rescues the economy from stagnation and decline, providing high and rising incomes and full employment too. There is some truth in this sequence, in particular its focus on investment. For stability of private investment is vital to economic stability. In conjunction with private consumption and public spending, it determines the level of economic activity.

The cheap money fallacy, however, mistakes effects for causes. Investment does not surge whenever interest rates are low; quite the contrary, interest rates are lowest in recessions. Nor does investment dry up because interest rates are high; rates are highest during booms. The rate of interest is an effect, not a cause. Investors borrow because they foresee profitable opportunities, not because loans are cheap.

The dollar value of new construction in 1959 set an all-time record. Gross private domestic investment was the third highest in history. If interest rates are high, therefore, it is because the demand for loans is large and insistent, not because the supply is stingy. As long as we remain hungry for capital and reluctant to save enough, interests rates will be high.

Investment must be kept within the bounds of available savings if the total demand for resources is not to exceed their supply, forcing prices to rise. The level of investment cannot with impunity persistently exceed the share of resources the community is willing to spare from current consumption. Credit restraint is the main means of limiting total investment demand. A low interest rate ceiling, at which the demand for loans vastly exceeds their supply, forces lenders to use less impartial and efficient techniques for rationing available credit. Setting the price of loans below market levels destroys capital markets by drying up sources of funds. In some areas which are inhibited by legal interest rate ceilings, credit becomes short. But the blame cannot be placed at the doors of the central bank; the ceiling itself is at fault. Loan funds, unlike water, seek their highest levels; they flow from the mortgage market and from long-term government bonds to areas offering higher returns.

In 1951, following an accord with the Treasury, the Federal Reserve abandoned the inflationary policy of supporting the prices of government bonds, and resumed the practice of flexible monetary policy for economic stability. Current partisan outcries for retaining the 4¼% interest rate ceiling on government bonds herald the first backward step to pegging the market for government bonds. Some would go all the way, setting a ceiling of 2½%, forfeiting control over the money supply and thus over a key factor influencing the level of prices. Certainly we should resist such back-sliding. The 4¼% ceiling should be eliminated or substantially modified. Nor should the current easing of money market rates be used as an excuse for not doing what logic and fact dictate. The best time to repair a leaky roof is not when it's raining, but when the sun is shining.

Enthusiasts for perennial cheap credit and loose money tend to confuse the value of money with its price. Accordingly, they fall into the error of advocating currency inflation as a means of assuring low rates of interest. The value of money can usually be reduced by inflating the money supply. The price of money is another matter; it is the rate of interest, which depends on the demand for and supply of loan funds. Inflation of the money supply may raise the demand for loans faster than their supply, and cast shadows on the future value of money, forcing the price of loans to rise. History tells us that rising interest rates always go along with inflation.

Isolation of the Dollar: Another fond illusion, that the dollar is a domestic concern, and no foreigner's affair, has just suffered a violent demise. With foreigners now holding more than $16 billion in short-term dollar obligations, we are naturally concerned over the state of their minds, and their diagnosis of the state of our economic and financial health. Now that the dollar is an international reserve currency, we must assume responsibility commensurate with our power for good and ill. Our honor and reputation are staked on the value of the dollar, whoever may hold it. So, for that matter, is our international liquidity.

In the past, many believed that we somehow could export forever far in excess of our imports, and that we were the better off for it. Others have believed that domestic policy could be designed without concern for international repercussions via our balance of payments. Now the plain fact is emerging that our actions have world-wide consequences, which we must take into account in formulating domestic plans and policies.

Some, in their haste for corrective action, still fail to give proper weight to the close interdependence of miltary aid and economic aid, of aid and trade, of investment and exports, of exports and imports. There can be no piecemeal solution. Defensive reactions through retrenchment in some categories of overseas effort would initiate a long chain of repercussions and retaliations. At the end we might be little better off than at the beginning in our deficit position, and much worse off in every other respect.

Correction of an imbalance through a growing volume of trade is infinitely better for us and for the world than correction via trade curtailment. The President's emphasis on increasing exports is unquestionably the soundest overall strategy toward our balance of payments problem. In fact, the expansionist solution is imperative. Much of the past growth in foreign-held dollar assets was required to finance a growing commerce. Should we attempt a protectionist solution, some of these foreign holdings would surely be repatriated.

These foreign-held dollar assets are not yet a sword aimed at Fort Knox. But should misguided enthusiasts of low interest rates have their way and should short-term yields in our money markets be driven appreciably and persistently below rates in other leading money centers, we could lose enough of them to create a problem. Our monetary authorities need the freedom to pursue policies that take into account these foreign held dollar assets. To deny them that right in the name of some obsolete depression dogma of cheap money would be the height of irresponsibility. If the dollar is to continue as a key

world currency, it must be permitted to command trust.

Servile Central Bank: This brings us to another line of monetary mythology. I refer to what we might call the conspiracy theories. According to one, the Federal Reserve System, being run by bankers, conspires to keep money tight, force up interest rates, and fatten banking profits. Alternatively, it is charged that the System's conservative business orientation leads to excessive policy concern for price level stability, without regard to the level of employment. Like all conspiracy theories, these two attribute enormous powers to our monetary authorities which they do not have. The Federal Reserve Board does not set interest rates; it has some influence on the supply of credit through the volume of bank reserves, but little control over the demand for credit.

Any business prefers a steady demand and a stable price for its products to widely fluctuating demands and prices. The banking business is no exception. Its profits will benefit in the long run from national sucess in preventing recessions by restraining booms. Temporary high interest rates are incidental to this purpose. It is stability in our economic growth that aids long-run average profits.

The Federal Reserve System has borne a major share of the battle for economic stability. Its continued independence is essential if it is to have the freedom to follow policies often unpopular among some groups in the short run. One of the matters at stake in the autumn election may well be the integrity of our central bank. If credit restraint in times of active business must limit some marginal activity for the sake of stability, then the solution does not lie in a captive central bank compelled to pursue inflationary policies.

Foes of flexible monetary policy and critics of undue reliance on it have done little to encourage alternative measures for stability and growth. They have proven unwilling or unable to entertain the hypothesis that overpaying ourselves for the work we do has something to do with inflation. They have contributed little to letting competition range more actively over many key sectors of our economy. They harp on the neglect of fiscal policy, but show no readiness to run large budget surpluses in boom times. They provide no real alternative.

Conclusions

Perhaps these illustrations of current and recurrent monetary myths and currency abuses help demonstrate that the currency is as complex as the society it serves. Manipulation of the money supply and the rate of interest is subject to many laws of action and reaction. Whatever we do to our currency has consequences on our moral, social, and political affairs, and direct impact on our economic well-being.

The amount of misinformation on currency and credit may be an encouraging symptom of progress. For misinformation is not ignorance, but a sign of interest and awareness. Much remains to be learned by all of us. More must be done to close the gap between our best knowledge and the level of public understanding.

President Eisenhower in 1957 wisely proposed a broad inquiry into our national monetary and credit system, to be conducted by independent experts. The majority leadership in Congress resisted attempts to place such an inquiry on a nonpartisan footing and so the President's fine initiative died. Fortunately the Committee for Economic Development stepped into the breach, sponsoring a National Commission on Money and Credit whose findings are expected next year. We are hopeful that this Commission can accomplish much of what was intended by the President's proposal. We bespeak for the Commission's work a fair-minded hearing, reflecting an attitude that the currency does matter, that its use must be cultivated and its abuse avoided.

But we cannot wait. Vital controversies will not abide decision until all the facts are in. All the facts are never in. Policy must be made on the basis of existing information. It is clear that here and now we must seek by every means open to us to widen public understanding of the role of money and of its price in our society, to establish clearly the essential link between a currency of integrity and our national economic health and morality, and to dramatize the vital connection between a sound monetary and fiscal policy and our international balance of payments position. Progress on any or all of these fronts means progress toward a healthier, more vigorous and equitable economy. That is a goal worthy of exertions by us all—both the takers of private action and the makers of public policy.

*An address by Dr. Hauge before the Chamber of Commerce of the State of New York, New York City, April 7, 1960.

NYSE Slate Is Announced

Edward C. Werle has been nominated for the third time for Chairman of the Board of Governors of the New York Stock Exchange.

Edward C. Werle

Mr. Werle, who is a partner in Scheffmeyer, Werle & Co., was also formerly Chairman of the American Stock Exch.

Also nominated to the board were Richard M. Crooks, Thomson & McKinnon; Stephen A. Koshland, Carl M. Loeb, Rhoades & Co.; Robert J. Lewis, Estabrook & Co.; John J. Phelan, Jr., Nash & Co.; Edwin H. Stern, E. H. Stern & Co.; Charles P. Cooley, Jr., Cooley & Co., Hartford, Conn.; William C. Roney, Wm. C. Roney & Co., Detroit; and J. Robert Shuman, Shuman, Agnew & Co., San Francisco. Michael W. McCarthy, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, was also renominated for a three year term.

Alexander R. Piper, Paine, Webber, Jackson & Curtis, was head of the nominating committee.

The Exchange election will be held May 9.

Ladenburg, Thalmann to Admit Partner

Ladenburg, Thalmann & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on May 1st, will admit Lionel I. Pincus and Daniel P. Whitlock to partnership.

Newhard, Cook Co. To Admit Moore

ST. LOUIS, Mo.—Newhard, Cook & Co., Fourth & Olive Streets, members of the New York and Midwest Stock Exchanges, on May 1st, will admit John R. Moore to partnership.

With John Nuveen

CHICAGO, Ill. — Oliver K. Burrows has become connected with John Nuveen & Co., 135 South La Salle Street.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

The 326th session of the National Security Council in this administration was held recently. President Eisenhower presided. It was his 296th session. This means nothing except in the light of recent criticism that Mr. Eisenhower did not know what was going on, that he was kept in the dark by his subordinates who wanted to protect him.

Several weeks ago Robert A. Lovett, Wall Street banker, life long Republican, for 30 years a friend of the President, Under-Secretary of State and Secretary of Defense under Truman, was represented on the floor of the Senate by Senator Fulbright, Chairman of the Foreign Relations Committee, as having testified before the committee in executive session that the President was a captive of his subordinates.

"In executive session he indicated his belief that the President leads a dangerously sheltered life as Chief Executive of the nation. For he said, the National Security Council protects the President from debates that precede policy decisions."

This statement of Senator Fulbright's went all over the country and editorial after editorial has been written about it.

What Senator Fulbright said was not the truth.

Mr. Lovett had not testified anything to this effect. He was testifying on the subject of national policy machinery. He made it clear at the outset of his testimony that he was testifying from notes gathered eight years ago. He said he was talking about no particular person, or any living soul.

A reading of the transcript before the Foreign Relations Committee, just available, shows that Mr. Lovett said that the National Security Council cannot function properly in a mass atmosphere of many members and it should confine itself to few major policy issues.

It is a disservice to the President, he said, if these issues are not debated in front of him. The President must be informed by his aides, not protected by them. His work is not lightened if he is offered agreed-upon papers requiring only his approval or rejection.

Mr. Lovett, pursued by Senator Fulbright, made it clear he was not talking about Truman, Eisenhower, or Abraham Lincoln. He was simply discussing his general philosophy of government.

The facts are that Mr. Eisenhower has been quite active in the National Security Council.

Its statutory members are the President, Vice-President, Secretaries of State and Defense, and Director of Civil Defense Mobilization. Other participating officials usually include the Chairman of the Atomic Energy Commission, the Secretary of the Treasury and the Director of the Budget, the Chairman of the Joint Chiefs of Staff and the President's scientific adviser. Meetings are attended by 12 persons, not 75 as reported. There are rare exceptions for briefings rather than the usual routine NSC sessions. One of these was presentation of the Gaither Committee defense report. Sixty nine were present, including 29 committee members and a second echelon of staff.

Issues are confined to major policy matters. The NSC does not deal in tactics. It decided, for example, that U. S. policy towards Cuba should be one of "restraint and forebearance." It did not determine the tactics of when the ambassador should be called home for consultation.

President Eisenhower is not offered policies which have been agreed upon in advance. Sixty-six percent of all papers prepared by the planning board of the NSC have had "splits" or differences of opinion. These splits are formally presented, all sides are given, and each man speaks his piece.

The President joins in these debates. He sometimes hands down a decision at that meeting, sometimes makes it later after restudying the papers and sometimes suggests that the matter be put on the agenda for the next meeting.

Each meeting is opened by a report from the Central Intelligence Director.

The President has attended 90% of the meetings during his Presidency. Mr. Truman's record was 50 odd percent. The comparison is not fair, however, because Mr. Truman was in regular attendance after the outbreak of the Korean War.

Van Norman Ind. Names Mericka

William J. Mericka has been elected Chairman of the Board of Van Norman Industries, Inc. He succeeds Donald P. Hess, who recently announced his retirement.

William J. Mericka

Mr. Mericka, a Van Norman Director since November, 1956, is President of Wm. J. Mericka & Co., Inc., a Cleveland securities firm.

Twin City Bond Club Outing

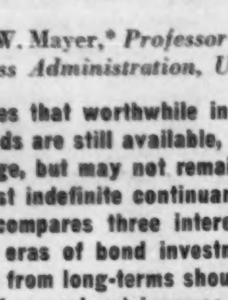
MINNEAPOLIS, Minn.—The Twin City Bond Club in the "Land of Sky Blue Waters" will hold its annual outing June 15th and 16th at the White Bear Yacht Club.

Investment Opportunities In the Bond Market

By Robert W. Mayer,* *Professor of Finance, College of Commerce and Business Administration, University of Illinois, Urbana, Ill.*

Author opines that worthwhile investment opportunities in carefully selected bonds are still available, despite this year's downward stock market plunge, but may not remain too long as "history and politics argue against indefinite continuance of today's high yields." Professor Mayer compares three interesting aspects of today's situation with earlier eras of bond investment popularity; advises, however, that interest from long-terms should constitute no more than a fourth or a third of normal net income; and provides a check-list to guide the selection of convertible bonds in view of the disillusionment that has set in about them.

Since the spring of 1958 an almost continuous downward movement of bond prices has produced a situation of considerable interest to investors.


Robert W. Mayer

To those investors whose policy it is to maintain some kind of balance between defensive and aggressive securities in their portfolios, the high yields now earned by top-quality bonds afford very real attraction. Such investors—who often follow the formula-plan principle of shifting their holdings toward defensive securities when stock prices rise to heights beyond any reasonable discounting of expected earnings and dividends—could hardly expect to find better opportunities than at present. Even the sharp decline of stock prices in the first two months of 1960 has not significantly changed the picture.

Bond Yields Versus Stock Yields

What is the picture? Table I shows how much the yields on investment-grade bonds have risen (in reflection of their price declines) since the spring of 1958, and how sharp has become the disparity from the "normal" relationship between bond yields and current dividend yields on stocks. This is not to suggest that conditions are ripe for speculative bond trading in anticipation of an early and sharp price rise. Speculative bond trading can be fully as hazardous as speculative stock trading.

Besides, some qualified observers believe that 1960 may bring an even further decline of bond prices. The business outlook, they feel, although not so optimistic as at the beginning of the year, is still favorable enough to warrant expecting that business firms will continue raising a good deal of new money. Moreover, the Federal Government, even in the unlikely event that it achieves a balanced budget, will still have to come into the market for large sums to meet its debt maturities. On the supply side, persistent inflationary psychology will inhibit the amount of new money which small and medium income savers bring to the bond market. Under these circumstances, so the argument goes, the Federal Reserve is unlikely to change its policy of nonsupport of government bond prices. The total effect, especially when augmented by the inflationary effects of the approaching elections in this country and of the developing economic boom abroad, would make any substantial upward movement of bond prices during 1960 unlikely.

Even if immediate prospects do not favor *speculation* in bonds, however, the country's history and politics argue against indefinite continuance of today's high yields and suggest that *investment* in carefully selected bonds for long-term productivity may be well worth considering. Selection of bonds for investment is a highly technical matter calling for analysis of quantitative and qualitative evidence bearing upon the position and prospects of both issuer and security. Grade rating by reliable financial services may relieve the investor of some of this work; but it cannot relieve him of the necessity to analyze and assess his own investment requirements—to recognize that qualities which may be valuable to other investors may be worthless (or worse) to him, to recognize in short, that in investment one man's meat may be another man's poison.

Even mere enumeration of attractions and hazards which various types of bonds may hold for various types of investors is beyond the scope of a short article. Three aspects to today's situation, however, bear especially interesting comparison (or contrast) with their counterparts in earlier eras of bond investment popularity.

Rise in Yields on Short Maturities

One striking consequence of the rise of yields has been a marked change in the pattern of Federal Government bond yields. (See Table II.) Yields have risen all along the line, but the rise has been greater in the short maturities than in the long—so much so that yields on the shorts are actually higher than those on the longs. This condition is by no means novel, but it has not obtained for many years. Indeed, the yields on government securities had been held artificially low by Federal Reserve support for so long a time that a classical principle has been almost forgotten: when the general level of interest rates is low, the short-term rates tend to be lower than the long-term rates; when the general level of rates is high, the short-term rates tend to be higher than the long-term rates.

When borrowers consider the general level to be low (that is, when they expect it to be higher in the future), they naturally wish to secure the benefit of the favorable rates over as long a period as possible, so they bid up the price of long-term funds and exert relatively little demand for short-term funds. Lenders, in such circumstances, wish to avoid committing their funds any longer than necessary at rates unfavorable to themselves, so they offer more funds at short than at long term, thus depressing the price of the former. When the general level of interest rates is considered high (that is, when it is expected to be lower in the future), the attitudes of both borrowers and lenders are reversed: borrowers bid up the price of short-term funds relative to that of long-term funds, and lenders depress the price of long-term funds relative to that of short-term funds.

The moral for the investor is that under present market conditions he must not take for granted, as he has been able to do for a good many years, that the longer the term for which he is willing to commit his funds, the higher the yield he can count upon. On the contrary, he must use care to secure his optimum combination of yield and maturity.

Advantages of Tax Exempts

As a second consequence of the bond price decline, some investors have awakened to the realization that they need not necessarily be millionaires to appreciate the tax-exempt feature of municipal bonds. The large increase of tax rates on personal income during World War II made exemption so attractive to wealthy investors that it became almost a tradition to consider that they would bid up the prices of municipal bonds beyond the reach of the moderate-income investor. For many years yields on the order of 2% were characteristic, and such a return was far from sufficient to attract investors in the medium income brackets.

The current situation prompts reconsideration of this attitude. Today, even the highest-grade (Aaa) municipal bonds can be purchased to yield 3½%. As indicated by Table III, the taxable yield equivalent of such a tax-exempt yield is 5% if the investor's taxable income is \$6,000-\$8,000 and 8½% if it reaches into the \$22,000-\$24,000 bracket. Indeed, even higher yields can be secured without very great sacrifice of safety. Prices of top-quality bonds are bid up somewhat artificially by certain types of institutional investors which are legally restricted to such securities for their portfolios. The ordinary investor, by going down to Aa or A grade municipal bonds (he probably should go no further), can materially improve his yield.

The types of securities in this category are quite varied. Ordinarily the individual investor is wise to refrain from tying up much capital in the bonds of small cities, school districts, and the like, because of their lack of marketability. There are plenty of larger governmental units, however, whose credit is both strong and nationally known, and their securities, therefore, enjoy entirely adequate secondary liquidity. Bonds such as those the State of Illinois would use to finance the construction of urgently needed educational and welfare buildings (assuming the electorate approves their issue in the autumn elections) would be of this type and should be attractive to investors throughout the nation.

Even revenue bonds, long looked at askance by the conservative investor, can appropriately form a part of the ordinary investor's portfolio if he takes the trouble to assure himself that the revenue source is really reliable. The bonds utilized by the University of Illinois to finance construction of dormitories are of this type because there is already a shortage of university-owned housing, and the coming years will bring a large and permanent increase of the university's enrollment.

A Second Look at Convertibles

A third consequence of the bond price decline has been a certain amount of disillusionment about the investment qualities of convertible industrial and public utility bonds. The popularity of these securities during the 1950's has been based on their "eat your cake and have it too" nature. Many investors have been intrigued by the notion that convertibles offer a hedge against both inflation and deflation: If inflation continues, the stock will carry the bond price up with it and produce a handsome capital gain; if deflation sets in, the bond price will not fall below its "yield value floor," and the interest income, fixed in dollars, will enjoy an increase of purchasing power. The 1958-59 descent of bond prices shows that in some circumstances the "yield value floor" may not be very firm, and that if the stock sells at too low a level to provide speculative support, the holder may be sadly disappointed about that side of his hedge. Such circumstances had not cropped up for years, to be sure, and many investors apparently forgot that they ever could.

Investors need not eschew convertible bonds entirely, however, just because they have proved to be no panacea for investment problems. What is needed in their selection is proper attention to certain well-established precepts. In the first place, the investor should avoid being lulled by the generally defensive character of the security into considering it unnecessary to investigate the merits of the stock as a stock. At the same time he should avoid being lulled by the generally aggressive character of the conversion feature into considering it unnecessary to investigate the merits of the bond as a bond. More specifically, the investor may be well advised to refrain from paying a price substantially in excess of the bond's yield value—that is, the prevailing price for nonconvertible bonds which are otherwise similar in characteristics. If he does, he is buying, to the extent of the excess, not bond but stock.

Another point—"obvious" but often ignored—is that he should avoid paying a price in excess of (or even very close to) the call price, especially if the stock is selling below conversion parity. The call price usually constitutes an effective ceiling or limit to appre-

TABLE I

Bond and Stock Yields April 1958-February 1960

1958	U. S. Treas. Bonds	Aaa Munic. Bonds	Aaa Corp. Bonds	S & P Corp. Stocks
April	3.12	2.70	3.60	4.33
May	3.14	2.69	3.57	4.19
June	3.19	2.74	3.57	4.08
July	3.36	2.79	3.67	3.98
August	3.60	3.07	3.85	3.78
September	3.75	3.28	4.09	3.69
October	3.76	3.23	4.11	3.54
November	3.70	3.17	4.09	3.42
December	3.80	3.12	4.08	3.33
1959				
January	3.90	3.19	4.12	3.24
February	3.92	3.16	4.14	3.32
March	3.92	3.06	4.13	3.25
April	4.01	3.12	4.23	3.26
May	4.08	3.29	4.37	3.21
June	4.09	3.37	4.46	3.23
July	4.11	3.51	4.47	3.11
August	4.10	3.44	4.43	3.14
September	4.26	3.60	4.52	3.26
October	4.11	3.57	4.57	3.26
November	4.12	3.44	4.56	3.24
December	4.27	3.43	4.58	3.18
1960				
January	4.37	3.49	4.61	3.27
February	4.22	3.40	4.56	3.40

SOURCE: Federal Reserve Bulletin.

TABLE II

U. S. Treasury Bond Yields*

Issue	4/1/58	12/15/58	12/15/59
Nov. 1960	1.07	3.77	4.56
Sept. 1961	2.26	3.61	5.03
Nov. 1961	2.31	3.65	5.03
June 1962	2.32	3.63	4.95
Dec. 1962	2.33	3.57	4.84
Aug. 1963	2.43	3.63	4.98
Feb. 1964	2.48	3.74	4.94
Feb. 1965	---	3.82	4.88
Aug. 1966	2.83	3.70	4.54
June 1967	2.62	3.74	4.49
Dec. 1968	2.68	3.79	4.57
June 1969	2.76	3.85	4.64
Oct. 1969	2.95	3.82	4.46
Dec. 1969	2.77	3.82	4.60
March 1970	---	3.84	4.63
March 1971	2.77	3.77	4.51
June 1972	2.76	3.70	4.40
Sept. 1972	2.76	3.70	4.43
Dec. 1972	2.75	3.66	4.35
Nov. 1974	3.15	3.82	4.35
Feb. 1980	---	---	4.33
June 1983	---	3.79	4.17
May 1985	---	3.78	4.14
Feb. 1990	3.25	3.68	4.26
Feb. 1995	3.09	3.65	3.95

*Yields on callable bonds figured to call date if price is at 100 or above, to maturity if price is below 100.
SOURCE: Wall Street Journal.

TABLE III

Taxable Yield Equivalents of Tax-Exempt Yields

Taxable Income Bracket	—Tax-Exempt Yield— 3.0%	3.5%	4.0%
\$0-\$2,000	3.75	4.38	5.00
2,000- 4,000	3.85	4.49	5.13
4,000- 6,000	4.05	4.73	5.41
6,000- 8,000	4.29	5.00	5.71
8,000-10,000	4.55	5.30	6.06
10,000-12,000	4.84	5.65	6.45
12,000-14,000	5.26	6.14	7.02
14,000-16,000	5.66	6.60	7.55
16,000-18,000	6.00	7.00	8.00
18,000-20,000	6.38	7.45	8.51
20,000-22,000	6.82	7.95	9.09
22,000-24,000	7.32	8.54	9.76

SOURCE: Derived from tax rate tables in Internal Revenue Service Form 1040 Instructions.

ciation. It is also desirable to avoid—or at least to view with skepticism—bonds which are convertible at prices that are graduated upward with the passage of time. All too often the upward march of the conversion price stays just enough ahead of the market price of the stock to prevent the latter from ever having any substantial effect on the market value of the bond.

Finally, but not least important, the interest requirements on the bond—plus interest on any other long-term debt—should absorb no more than a fourth or a third of normal net income. This may appear to be a counsel of extreme conservatism, but the bond investor who disregards it should blame no one but himself if a setback of the company's fortunes threatens default of interest and drops the bond both in grade and in price.

The probabilities are very great that financial historians looking back from the vantage of 1980 will say that early 1960 was an unusually high interest period. Investors who take the trouble to look carefully about them today for some of the unusually favorable opportunities for bond investment can add to their portfolios both productivity and defensive strength which may prove invaluable in the years to come.

***Reprinted with kind permission of the author and the editor of the "Illinois Business Review," a publication of the University of Illinois.**

Fin. Advertisers Inaugurate Contest

In a move further to improve the quality of financial advertising, the New York Financial Advertisers Association has inaugurated an annual awards contest, inviting 800 financial institutions in the New York metropolitan area to participate.

First of its kind in New York, the contest will cover advertising in newspapers and magazines for the period July 1, 1959 to June 30, 1960. Deadline for entries will be July 15, 1960.

Statuettes in the form of a town crier will be presented to the winners at the NYFA annual dinner in September. Awards, based on the decision of a board of impartial judges, will be made in the following categories: large commercial banks ($500 million deposits and over); other commercial banks; savings banks; savings and loan associations; and investment banking and brokerage firms. A sixth award will go to the winner whose material is judged "best of show."

Judges who will serve are Mrs. Edna Beilenson, President of the American Institute of Graphic Arts, J. Edward Drew, Public Relations Director of Lever Brothers Company, and Keith K. Kimball, retired executive of Batten, Barton, Durstine & Osborn.

Entries will be limited to 10 pieces of advertising, with syndicated material excluded. Inquiries from entrants may be addressed to Leslie Cheshire, Annual Awards Committee, American Irving Savings Bank, 125 West 42nd Street, New York 36, N. Y.

To Form Carter, Berlind Potoma & Weill

On May 1st Carter, Berlind, Potoma & Weill, members of the New York Stock Exchange, will be formed with offices at 37 Wall St., New York City. Partners will be Arthur L. Carter, Roger S. Berlind, Peter J. Potoma, Jr., member of the Exchange, and Sanford I. Weill.

McKelvy to Admit

PITTSBURGH, Pa.—On May 1st Ruth Sheldon McKelvy will become a limited partner in McKelvy & Company, Union Trust Building, members of the New York and Pittsburgh Stock Exchanges.

Denationalization's Impact On British Securities

By Paul Einzig

The shortage of equities, contributing to their price rise, may be alleviated somewhat if iron and steel firms and other publicly owned assets are denationalized. Dr. Einzig notes there is reason to believe that iron and steel will revert to private ownership this year. He weighs the effect denationalization, or its absence, will have on future Government financing and existing debt issues.

LONDON, England—Mr. Cameron Cobbold, Governor of the Bank of England, hit the nail on the head when a few months ago he said that the Stock Exchange boom in Britain was the result of too much money chasing too few equities. He might have gone even further by saying that the inadequacy of the volume of attractive equities was partly responsible for the revival of inflationary pressure for higher wages. For the capital profits made by investors and speculators during 1959 as a result of the Stock Exchange boom and of the take-over bids stimulated by it, provided good excuse for trade unions to put forward excessive wage demands in spite of the absence of any further rise in the cost of living.

Although there were many new issues of equities in 1959 and the first quarter of 1960, and many more are believed to be pending, the increase in the supply of equities does not keep pace with the increase in the demand for them. This is largely due to the fact that the process of switching from fixed interest securities into equities is still far from having been concluded. Parliament is about to pass legislation authorizing local authorities to invest part of their funds in equities. Trustees too, will shortly be in a position to invest in equities. Institutions and individual investors use their increased resources for adding to their equity holdings rather than for buying Government securities. In the circumstances it is not at all surprising if the demand for equities tends to exceed supply.

The remedy lies partly in the encouragement of new issues by private enterprise. Measures taken to that end would tend to stimulate, however, inflationary pressure on the economy which the Government is trying to resist.

Steel May Be Denationalized

There is an alternative method of satisfying the appetite of investors for equities. It is the denationalization of enterprise in public ownership. There is reason to believe that this will be done in the course of this year in respect of the iron and steel companies which are still owned by the Government. In his Budget speech the Chancellor of the Exchequer foreshadowed this event. These firms ought to have been denationalized long ago, and the only excuse for the delay was the impending General Election last year, since it implied a threat of renationalization in case of a Socialist victory. Now that the Conservative Government has been confirmed in office there can be no excuse for delay especially since the threat of renationalization is bound to become more acute as the date of the next General Election will draw nearer.

There are denationalization possibilities also outside the sphere of the iron and steel industries. Even though the railroads are at present not a commercial proposition they own various assets such as hotels which could be sold to the public. In a recent speech the Minister of Transport, Mr. Ernest Marples, expressed himself with much optimism about the long-range prospects of railroads in conjunction with the experiments with "hovercrafts," which might well replace the conventional trains. However, that is a matter for the distant future. There are various other publicly owned assets which could and should be denationalized in the near future.

The disinflationary effect of such denationalizations would not be confined to the effect of the increase in the supply of equities on the level of equity prices. After all, if profits on Stock Exchange appreciations cease to be sufficiently large to provide an excuse for excessive wage demands the trade unions can be trusted to find some other excuse. They can always claim that wages have not yet caught up with the increase in the cost of living during the Napoleonic Wars or at the time of the Black Death!

A much more dependable effect of denationalization on the monetary trend would be through the mopping up of excessive Government security supply or at any rate the checking of that supply through the budgetary deficit. To the extent to which denationalization would lead to a reduction in the volume of Treasury bills it would force the banks to limit their credit expansion. And to the extent to which the Government would use the proceeds of denationalization for reducing or keeping down the volume of medium- and long-term loans it would assist the gilt-edged market. The evidence of a better trend and better prospects in that market might reverse the flow of funds into equities and might therefore prevent a revival of the Stock Exchange boom.

Would Keep Government Debt Down

In the absence of the realization of the Government's capital assets through denationalization the budgetary deficit would mean further expansion of Government debts of various maturities. It would be difficult to keep down the volume of Treasury bills and its increase would enable banks to expand credit without a decline in their liquidity ratio. The financing of the deficit with the aid of long-term or medium-term issues would further depress the gilt-edged market, which is anything but receptive for new Government loans. Owing to the state of the gilt-edged market there is strong temptation for the Government to take the line of least resistance and to allow its Treasury bill issue to increase not only through new borrowing but also through the financing of maturing debt. Having regard to such circumstances the argument in favor of denationalizations to the utmost limit of possibility seem to be unanswerable.

OBSERVATIONS . . .

Continued from page 4

est ceiling was the direct competition from the Treasury's readily available outstanding securities. No less than 34 Treasury issues selling at a discount offer corporations and individuals in the 52% tax bracket a net-after-tax return greater than the new offering—since the yield is partly derived at the favorable capital gain rate. 23 of these issues are short-term (under 5 years). And 6 Government Agency bonds similarly offer greater net yields than the new issue. Mutual Funds, as revealed by their recent statements, along with individual investors, and not only the "nefarious" banks, have liberally bought these discount issues.

Insult Plus Injury

Enormously compounding this net-yield disadvantage, at least in the eyes of this observer, is the unprecedented *Call* feature that got into this contract. The one-way redemption option is unethical and injurious enough in any case. But here the privilege is given to the borrower to terminate the contract at any six-month interval (with 4 months' advance notice) during the entire decade following after the first 15 years—**and at par, without any premium whatever.** In other words, at all times after 1975 the investor cannot know whether or not he is permitted to remain in the issue.

This outrageously unfair arrangement was presumably added to appease the legislators. While Secretary Anderson had expressed himself as not opposed to inserting a *Call* provision, this was definitely premised on an accompanying higher-than-market coupon. ("If the Treasury, once the interest ceiling is removed, decides to issue bonds callable at par, it must be recognized that the securities will have to bear a somewhat higher effective rate of interest than non-callable issues of similar maturity. The existence of a *Call* feature tends to make securities less attractive to many long-term investors in comparison with fixed maturity issues."—From a Letter from Secretary Anderson to Senator Bush, February 19, 1960.)

Thus, with the outstanding issues suffering from no such *Call* penalty (where they are callable, with much smaller latitude, they materially increase further the yield differentials which we have cited), and with even Savings Bonds putting the *holder*, and not the Government in the driver's seat, the lower-yielding new issue, instigated by the legislators, offers the investor the worst of both the possible worlds.

Caveat Emptor (He Did!)

Your Congressmen made a noble effort to protect your country's Treasury. Should they not be happy that you, his neglected constituent, have exhibited the wisdom to take of yourself, by your buyer's strike? (The new issue is quoted, as we go to press, at 99 2/32-10/32.) We feel confident that at least Senator Douglas, who is always to be found on the side of the angels on any question involving the protection of the public, on pondering the situation further will share such satisfaction!

Management of Bank Funds

Continued from page 7

still well above the June 1956 percentages of 3.6 and 12.3.[5]

Bank liquidity tends to decline when money is tight. Loans are usually more profitable than investments. In fact, the decline in bank liquidity is probably more influential in curtailing the use of credit than is the accompanying higher cost of money. Tight money has a rationing effect as well as a cost effect.

Summarizing to this point, we find that the average bank will have capital funds equal to about 7.8% of its assets. It will have about 19% of its assets in primary reserves, about 4% in marketable U. S. Government securities maturing within one year and about 17% in maturities of less than five years. Averages, as has been previously stated, should serve merely as guides for the individual bank.

The Loan Portfolio

Lending is the most important commercial bank function, accounting for about 68% of bank income. At the end of 1959, loans and discounts accounted for 46.7% of commercial bank assets. Expressed in another way, loans were equal to 51.4% of total deposits.

The 1959 figure is well below the June 1929 high of 72.9% but it is high as compared with postwar experience. In 1929, government securities were not as readily available as they are today. There is little likelihood that the percentage will ever approximate the 1929 figure for the system as a whole.

Some individual banks today do have percentage figures showing loans to deposits as high as 65 or 70%. These are usually banks in larger cities where the pinch of tight money has been more severe. In such a situation a bank is "loaned up." Further extensions of credit would impair liquidity to the danger point. Rationing of credit becomes more severe and borrowers are forced to fan out in search of funds. This is, of course, the objective of a tight money policy. The demand for funds tends to outstrip the supply which has been held in check by the monetary operations of the Federal Reserve System.

Lending always involves some degree of risk. Tight money tends to weed out some of the marginal borrowers; they are rationed out of the market. Over a longer period of time, it is more difficult to determine just who the marginal borrowers will be. Such situations call for a more thorough analysis of the credit worthiness of the borrowers and of conditions affecting individual businesses.

Credit analysis based on an adequate credit file is essential if losses are to be held to a minimum. The loan portfolio should be revised periodically to note changes in: (1) distribution by type of loan, (2) distribution by size and (3) distribution by maturity.

Delinquent loans should receive special attention. The Installment Credit Commission of the American Bankers Association maintains a monthly series showing the percentages for delinquent installment loans. The ABA Commission defines a loan as delinquent if an installment is 30 days or more overdue. For the month ending Nov. 30, 1959, the percentages were as follows:

(1) Personal loans	1.63
(2) Home appliance loans	2.82
(3) Automobile-direct	.84
(4) Automobile-indirect	1.39
(5) FHA Title I loans	2.05
(6) Property improvement-own plan	2.21

The monthly ABA figures can be used as a guide by individual banks. The figures serve to show the national trend and may also be used as a comparative measure of individual performance.

A periodic study of loan maturities is advisable. Nominal maturities have little meaning if loans extensions are frequent. Actual pay-off maturities are a better guide. As real average maturities are lengthened, the loan portfolio loses liquidity. A lose of liquidity in the loan portfolio should be compensated by an improved primary and secondary reserve position.

A bank may obtain maturity data by relating the total loans paid off during a period of time, such as one month, to the average volume of loans outstanding. Possibly the use of a four or six months' moving average would be better since it would tend to smooth out most of the unusual season variations. As an example, assume that the ratio shows that 12½% of the loans are paid off, on the average, in one month; this would indicate an average maturity of eight months. Now, let us assume that the ratio drops to 8⅓%, the average maturity is now one year. As loan maturities are lengthened, liquidity declines.

Like deposits, loans will tend to show a seasonal variation, By keeping an experience record over a period of years, seasonal changes in bank lending can be anticipated. Information on seasonal variations in deposit balances and credit demands can be utilized for the better management of the primary and secondary reserve position.

The Investment Portfolio

Long-term investments have a residual claim to bank funds. Primary and secondary reserves, adequate to provide sufficient liquidity, have the first claim. Short-term loans have the second priority while long-term loans and investments have only a residual claim. Long-term maturities carry a greater risk and, in the case of long-term loans, may also lack liquidity.

Actually, the term "investments" is misleading. The bulk of the so-called investment account will consist of short-term U. S. Government securities. These are highly liquid and carry little risk. They are, as has been indicated earlier, secondary reserves.

Insurance companies, trust funds, pension funds, savings banks and other financial institutions, are better adapted by the nature of their operations to the holding of long-term issues. Commercial banks, to the extent that they are free to make longer-term commitments, usually buy with the intention of holding until maturity. In planning their investment portfolios, they prefer spaced maturities.

Banks do not ordinarily engage in security trading for the purpose of gaining speculative profits. Current conditions do, however, afford an excellent opportunity for tax switching. Banks may sell securities that have declined in value and establish a loss which may be charged against current income. If the securities are replaced by similar issues, bought at current price levels, a long-term capital gain is possible.

The year 1960 should prove to be a profitable year for most commercial banks; interest rates are higher than in recent years and the demand for credit is strong. It would seem advisable in many cases to reduce current profits through tax saving capital losses. Such losses may be realized in later years as capital gains. There may be a greater need for profits in some future year than there is likely to be in 1960. This is a hedge which can strengthen individual banks and our unit banking system.

Long-term investments, including U. S. Government issues are risk assets. The risk may be a money risk, caused by changing interest rates or, on poorer quality issues, it may be a credit risk. Since the "Accord" of 1951, the money risk has been most significant. Interest rates have been more volatile—a situation that is likely to continue.

High-grade municipal securities have a place in the bank bond portfolio. This is particularly true when the bank is in the 52% income tax bracket. Municipal issues should not be considered as a substitute for U. S. Government issues. In many cases the trading market for municipals is thin or almost non-existent. They also frequently carry a considerable amount of credit risk.

Long-term investments, other than U. S. Governments, accounted for 8.4% of commercial bank assets at the end of 1959.

The Banker and the Community

A banker who has thoroughly analyzed his deposit accounts and his loan portfolio, already knows a great deal about his community. He should, nevertheless, check and supplement this knowledge by consulting other local sources of information. A banker's knowledge of the community should include an understanding of:

(1) Local population shifts and trends;

(2) Trends in income and employment;

(3) Changes in the distribution of income within the community;

(4) Seasonal variations and their effects;

(5) Economic information, such as: automobile registrations, building permits, retail sales, newspaper circulation, utility customers, etc. and,

(6) Of course, it is always advisable to know what your competitors are doing.

Information, such as this, can be used, not only as a basis for better management of bank funds, but also to facilitate a program of business development and public relations.

The Banker and the National Economy

Bank funds must be managed with the national as well as the local economy in mind. While some local areas move against the cycle, most communities prosper as the national economy prospers.

Economics is not an exact science. Economists cannot run controlled experiments with real people. Furthermore, they must attempt to account for the interaction of an infinite number of variables. As a result, it is impossible to predict the future with certainty. The longer the time involved in forecasting, the greater the uncertainty. Economists do, however, have a wealth of statistical data drawn from the past. It is possible to project trends and to formulate principles of behavior. While not a guarantee, this is of great value.

Having thus acknowledged the uncertainties involved in forecasting, I will proceed to make a few predictions that may have significance for bankers. Let's call a "short-run" the remainder of 1960 and the "long-run" the more indefinite future.

Short-Run Expectations

(1) The year 1960 has very bright possibilities insofar as the economic scene is concerned.

(2) Gross National Product and other measures of income should show an increase over 1959 by at least 5%.

(3) The Federal Reserve Index of Industrial Production should show a similar increase.

(4) Inventories will rise, requiring additional bank credit. Investment in plant and equipment will accelerate, also requiring credit.

(5) Production and sales of consumer durable goods will advance over 1959 levels and credit extended for these purposes will continue to expand.

(6) While the demand for credit from the private sector will increase, the improved position of Federal finances in 1960 will soften the impact. Interest rate may fluctuate with changing conditions from week to week but the over-all level of rates is unlikely to move much higher.

(7) Consumer prices rose by 1.5% from December 1958 to December 1959. There will be some increases in the prices of hard goods and of services but farm prices are likely to continue in a downward trend. Prices in general are unlikely to advance more rapidly in 1960 than in 1959.

(8) The stock market is the most uncertain factor in the 1960 economic scene. Stock yields are well below yields on high-grade bonds. The Dow-Jones Industrial average has been selling around 19 times expected 1959 earnings. By previous standards of measurement, stock prices have been high. Should a bear market develop in stocks, the unfavorable psychological reaction would adversely affect business expectations.

Long-Run Expectations

(1) The economy, nationally and internationally, has become increasingly competitive in recent years. This trend will continue and will tend to restrain the upward pressure on the price level.

(2) Increasing competition is likely to cause future recessions to be more severe than previous post-war recessions. With increased production of consumer and capital goods in the world economy (including the USSR), maladjustments in prices, wage rates, credit, saving, investment, production and inventories are more likely to occur.

(3) Governmental action of a monetary and fiscal nature to offset these recessions will be pressed with vigor. Deficits larger than the $13 billion in fiscal '59 may be expected. This will prevent deep depressions of the 1930's variety.

(4) Government deficits will, in the long-run, continue to feed the fire of inflation. Inflation is still an unsolved problem, not only in the U. S. but just about everywhere.

(5) Unless inflation is successfully checked, the competitive position of American industry could deteriorate in the international market. Sustained adverse balances of payment such as we have experienced in recent years could force a devaluation of the dollar in terms of gold.

Even if many of these prognostications prove to be wrong, and I hope that some of them are wrong, it is safer for the banker to err on the conservative side. Bank failures are not entirely a thing of the past; banks do fail. Depositors may be protected by the FDIC but what about the community, employees and stockholders? Bankers are likely to have only one opportunity to fail. Obviously, prudent management will not want to make the most of this opportunity.

[5] Compiled from data appearing in the *Federal Reserve Bulletin*.

West Penn Elec. Stock Offered

Carl M. Loeb, Rhoades & Co. is manager of an underwriting group which offered today 300,000 shares of the company's common stock ($5 par value) at a price of $36.75 per share. The underwriters won award of the common shares at competitive sale on April 12 on a bid of $35.52 per share.

Net proceeds from the sale of the common shares will be used by the company to purchase additional common shares from a subsidiary; for the retirement of an issue of assumed bonds, and for other general corporate purposes.

West Penn Electric Co. is a holding company owning directly or indirectly voting stocks of corporations whose principal business is the production, distribution and sale of electric energy. The company owns 100% of the common stock of Monongahela Power Company and The Potomac Edison Co., and 95.2% of the common stock of West Penn Power Co. These are the principal operating companies of the West Penn Electric System, and each has various wholly-owned subsidiaries. The system's territory is located in Pennsylvania, West Virginia, Maryland, Virginia and Ohio and covers about 29,000 square miles with a population of about 2,400,000, according to the 1950 census.

For the year 1959, the company and its subsidiaries had consolidated operating revenues of $152,107,674 and net income of $21,208,593.

Chicago Analysts to Hear

CHICAGO, Ill.—L. B. Meaders, President, and John P. Harbin, Financial Vice-President of Halliburton Oil Well Cementing will be guest speakers at the luncheon meeting of the Investment Analysts Society of Chicago to be held April 14th at the Midland Hotel.

The Financial Environment Of Puerto Rico Today

By Dr. Rafael Pico,* *President,*
Government Development Bank for Puerto Rico

Puerto Rico's progress in creating a strong and attractive financial environment is reviewed by the author. In addition, the head of the Government Development Bank details the several important functions his Bank performs; briefly outlines the role of the Island's other key agencies; and pictures for the investor how the pace and direction of economic development is determined in order to achieve a balanced program of economic and social progress.

It is generally accepted that the creation of a strong and attractive financial environment is of fundamental importance in promoting economic development. In Puerto Rico, a great deal of attention is given to this aspect of the development process. Through a system of prudent long-range financial and fiscal planning, the Commonwealth has achieved a sound financial position, from which its economy may move forward with confidence.

Dr. Rafael Pico

Within the framework of policy set by the Legislature and the Governor, the general pattern for economic development is outlined by the Puerto Rico Planning Board—one of Puerto Rico's principal development agencies. On the basis of studies conducted to determine economic trends and prospects and in the light of the fiscal resources available, this agency submits recommendations concerning the distribution of governmental capital expenditures—thus assuring a balanced program of economic and social progress.

In line with this system of far-sighted financial programming, the concept of a balanced budget covering current operations forms a part of Puerto Rico's basic philosophy of government—in fact, the Commonwealth Constitution prescribes that current appropriations may not exceed current revenues. Capital improvements, on the other hand, have been financed by the government through a combination of investment from its own resources and the execution of carefully planned borrowing operations. But public debt has been kept at a minimum—per capita debt of the Commonwealth currently amounts to only $37, and the present annual debt service requirement takes less than 5% of the Commonwealth budget. The government of Puerto Rico has consistently maintained a policy of conserving its credit resources, financing its program of public improvements and industrial expansion to a very large extent from current taxes and other current receipts.

In shaping its tax programs, Puerto Rico has also used discretion, taking steps to assure that tax burdens will remain at moderate levels and equitably distributed. Tax policies have been geared to meet the needs of a rapidly growing economy. Production factors are taxed at low rates, thereby creating an economic climate conducive to industrial prosperity. Aside from the tax exemption program, under Puerto Rico's autonomous tax system, corporate taxes are lower than in the mainland—rising to a maximum of only 36.75%, compared to a 52% maximum in the mainland. Excise taxes have also been removed or kept at a minimum—except on non-essential or luxury items, which bear the heaviest tax burdens. Yet, in spite of this moderate tax program, total revenues of the Commonwealth Government have increased from $109 million in 1950 to $224 million in 1959—a clear indicator of the benefits derived from Puerto Rico's industrial expansion.

Role of the Development Bank

When the development program was getting underway back in the early 1940's the Legislature of Puerto Rico established several key agencies to help implement various projects; one of these agencies—the Development Bank—was destined to play a vital role in the financial field. This institution has two principal functions—it supplies medium and long-term financing for private business purposes, and it acts as fiscal agent, or official borrowing agent, for all of Puerto Rico's public bodies. Briefly, the Bank is charged with responsibility for collaborating with other public and private institutions in the expansion and development of the financial aspects of Puerto Rico's economy.

In the sphere of private lending, the Bank is designed to supplement other available credit sources. Thus it functions in perfect harmony with the commercial banks and other lending institutions — actively encouraging participation loans with other lenders whenever possible. The Bank also works closely with other development agencies, coordinating its industrial lending functions with operations of the Economic Development Administration (EDA) and the Puerto Rico Industrial Development Co. (PRIDCO). Firms needing financial assistance are referred to the Bank by the Development Administration, while prospective borrowers that cannot meet the lending standards of the Bank with respect to collateral, capital ratios, experience, etc. are referred to PRIDCO when it is felt that establishment or expansion of particular enterprises would be important to the development program. In some cases PRIDCO has also made loans in participation with the Development Bank, and in other cases PRIDCO loans have been sold to the Bank after the enterprises have demonstrated satisfactory operating records.

The Development Bank will consider loan applications for private projects which would advance economic development in Puerto Rico, particularly with respect to increasing industrial production and employment. Loans are normally approved on the basis of the Bank's evaluation of the anticipated success of the project, as well as the credit history, capital structure, and the production and marketing experience of the applicant. Firms that borrow from the Bank may be new or long established, locally or externally owned, tax exempt or subject to taxation, large or small.

Type of Loans Financed

The following categories are typical of the types of loans which the Bank will finance: (1) construction, expansion and improvement of industrial or commercial buildings, (2) acquisition of machinery and equipment, (3) industrial inventories in exceptional cases when such loans cannot be handled by private sources, and (4) hotels or other essential tourist facilities.

At present the Bank charges an annual interest rate of 6% for industrial loans and a slightly higher rate for other types of loans. Loans for industrial and commercial building purposes will normally be considered for a term of up to 15 years. When the collateral offered consists of machinery and equipment, the life of the loan may not exceed five years. Short term loans are occasionally granted under special circumstances.

The Bank will normally lend up to 60% of the appraised value of land and improvements and up to 50% of the appraised value of machinery and equipment offered as collateral. The percentage actually loaned depends upon such factors as the significance of the borrower's operation to the development program, the profit expectancy of the operation, and the resale value of the collateral. These normal collateral requirements may be waived by the management on loans of up to $10,000 to small businesses engaged in activities that contribute to the development of the economy. A first mortgage is required except under special circumstances.

As fiscal agent for the Commonwealth Government, its municipalities and the public corporations of Puerto Rico, the Bank seeks to meet the financial needs of all public entities on an orderly basis, using forms of borrowing that suit the U. S. capital market and the character of the borrower. In this role the Bank functions as a direct link between the Commonwealth and the mainland financial community.

Provides Information to Lenders

In performing the task of borrowing agent, the Bank also conducts an extensive information program aimed at furthering knowledge of Puerto Rico and Puerto Rican securities among financial groups in the mainland. This program is designed to assure a free flow of information about Puerto Rico's public borrowers to lending institutions and other investors both in the United States and in Puerto Rico. An office is maintained by the Bank in New York City—at 37 Wall Street—primarily to help in connection with fiscal agency activities. This permits close day-to-day contact with conditions of the money market as they affect Puerto Rico, and it enables officials of the Bank to keep in constant touch with mainland investors. The New York Office also provides prospective borrowers with information about the Bank's lending programs.

As financial advisor to the Commonwealth Government, its public corporations and municipalities, the Development Bank submits recommendations regarding all actions or conditions which may have a bearing on the capicity of any borrower to use or receive credit financing. It also advises concerning any specific financing plans, proposed legislative changes, or special economic programs which may contribute toward a more orderly development of the economy.

The Development Bank contributes in other ways toward improvement of the financial environment in Puerto Rico. This includes participation in the Finance Council of Puerto Rico—a financial advisory group composed of several high level government officials and others appointed by the Governor. The function of this Council is to make recommendations of a financial character to the Governor through joint consultation and research. The President of the Government Development Bank is a member of the Council and the Economic Research Department of the Bank serves as the Council's Secretariat.

The Bank also serves the financial community as settling agent for the clearing of checks among commercial banks in Puerto Rico. This system established with the cooperation of the New York Federal Reserve Bank has facilitated the daily settlement of claims arising from the exchange of checks—thus greatly reducing the "float," or uncollected balances.

In all the ways that I have mentioned — and many more — the Commonwealth Government has been directing its efforts toward the development of an integrated financial community and the achievement of a high degree of cooperation among many agencies both public and private. These efforts have been oriented toward the establishment of a sound and progressive financial system—an important step towards achieving Puerto Rico's overall economic goal of a more abundant life for all of its inhabitants.

*An address by Mr. Rafael Pico at a briefing conference sponsored by the Bank of America and the First National City Bank of New York, Los Angeles, Calif.

Oppenheimer, Neu To Admit Partner

Oppenheimer, Neu & Co., 120 Broadway, New York City, members of the New York Stock Exchange, on May 1st, will admit Michael A. Dritz to partnership.

B. W. Pizzini Co. To Admit Two

B. W. Pizzini & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, on May 1st, will admit Robert M. Pizzini and B. Winthrop Pizzini, Jr. to partnership. Robert M. Pizzini will acquire a membership in the Exchange.

On April 30th, Frederick J. Pflugfelder, member of the New York Stock Exchange, will withdraw from the firm.

LaCroix Joins Apache Oil

MINNEAPOLIS, Minn.—Roger C. LaCroix, formerly Sales Manager for Paine, Webber, Jackson & Curtis in Chicago, has been appointed Vice-President and Sales Manager of Apache Oil Corporation, it has been announced.

Customers Brokers Hold Put & Call Forum

The Association of Customers Brokers will hold a put and call option forum on April 20th. Speakers will be John Thomas, Thomas, Haab & Botts; Herbert Freiman, S. Lerne Co., Inc., and Paul Sarnoff, Thomas, Haab & Botts.

The meeting is open to members only.

Form Jarco Securities

Jarco Securities Co., Inc. has been formed with offices at 68 William St., New York City, to engage in a securities business. Officers are Gerrard J. Jackman, President and Treasurer; Joseph A. Riley, Vice-President; and Anthony Libersky, Secretary. Mr. Jackman and Mr. Riley were formerly with Shearson, Hammill & Co.

Joins M. B. Vick

CHICAGO, Ill. — Arthur R. Baer has become associated with M. B. Vick & Company, 120 South La Salle Street.

1960 U. S. Crop Prospects

By Roger W. Babson

In a crop by crop analysis, Mr. Babson discusses the outlook for agriculture in 1960. Assuming favorable weather, and despite decreased acreage, spring wheat is expected to be in ample supply for 1960-61; a slight hike in corn planting should assure a plentiful harvest; and lower price for beef is seen in larger supply whereas cut in hog production indicates higher prices.

Outstanding in the early 1960 crop outlook is the fact that the Government's recent report on prospective plantings shows six increases and ten decreases, with the total for the 16 crops covered only moderately under a year ago. Here are some highlights of the outlook for the farm situation in general.

Feed Grains

Farmers intend to plant only slightly more acreage to corn than a year ago, when a record crop of 4,361,000,000 bushels was harvested. A lot of this old-crop corn is still hanging around. Thus, barring severe damage to the 1960 crop, there should be plenty for 1960-1961 needs. Sorghum grain also should be in generous supply, since planting intentions are down only 0.4% from the 1959 acreage, which produced a whopping 579,000,000 bushels.

Indicated acreages for barley and oats are down 3.7% and 5.2% respectively, from a year ago. However, this is no cause for alarm, at least in the case of barley. Last year's crop was 32% above average, and total stocks recently were well over the five-year average. In the case of oats, the 1959 crop was the smallest since 1939, and total stocks are sharply under a year ago and the five-year average. Crop progress of this grain should be watched closely this year, since any extensive damage could result in a tight supply situation.

Food Grains, Beans and Potatoes

Intended plantings of all spring wheat are down 4.6% from a year ago. Including acreage planted to winter wheat last fall, total acreage will be down less than 1,000,000 acres from that planted for the 1959 crop, which was well under the 1958 outturn, but somewhat above average. Given favorable weather, the 1960 crop, plus the carryover next July 1, should provide ample total supplies for 1960-1961. Growers intend to plant a little more acreage to rice than a year ago. Any production increase should certainly not glut the market.

There should be no dearth of dry beans next season, even though growers plan to cut acreage 1.3%. Last year's crop was large and competition from other protein foods will continue keen. Summer and fall potato acreage, which accounts for the bulk of the total crop, may be upped 1% over 1959. Potatoes, however, will retail higher.

Flaxseed Down—Soybeans Up

The acreage trend in U. S. flaxseed has been steadily downward since 1956. The indicated cut this year is a negligible 0.4%. However, since the 1959 crop was relatively small and remaining stocks recently were only about 50% of the five-year average for the date, supplies for 1960-61 should cause higher prices.

The star performer, as far as planting intentions go, is the versatile soybean, with an increase of 6.4%; this would be the second highest acreage on record. Soybean growers evidently have faith in their product, despite cuts in the price-support level. Even though a record crop could be produced on this acreage, it probably need not prove burdensome. The longer-term trend of total consumption still appears to be upward.

Cattle and Hog Situation

The number of cattle and calves on farms hit a record high of 101,520,000 head—up 13% from the 1949-1958 average. Consumers should buy beef for less during 1960, although no runaway liquidation is likely this year. Outstanding in the hog situation is an indicated 11% cut in the 1960 spring pig crop compared with a year earlier. This could mean higher pork prices.

I realize, of course, that acreages actually planted may turn out to be larger or smaller than indicated in this report; but 1960 could be a fairly good year for U. S. farmers.

Texas IBA Group Elect for 1961

DALLAS, Tex.—The Texas Group Investment Bankers Association of America, has elected the following officers to take office at the adjournment of the next annual meeting of the Investment Bankers Association of America to be held in the fall:

Chairman — Russell R. Rowles, Rowles, Winston & Co., Houston.

First Vice-Chairman—Frank R. Newton, Lentz, Newton & Co., San Antonio.

Second Vice-Chairman — Lewis Lyne, Mercantile National Bank at Dallas.

Secretary-Treasurer: Tom Ball, Jr., Brown, Wareing, Ball & Co., Houston.

Committeemen—Robert R. Gilbert, Jr., Sanders & Company, Dallas; John Jay Fosdick, Eddleman, Pollok & Fosdick, Houston; William A. Beinhorn, Jr., Russ and Company, Inc., San Antonio.

Committeemen ex-officio — B. Franklin Houston, Dallas Union Securities Co., Inc., Dallas; Robert C. Moroney, Moroney, Beissner & Co., Houston; Charles C. Pierce, Rauscher, Pierce & Co., Inc., Dallas.

More than 500 were in attendance at the 25th anniversary meeting of the Texas Group.

Oscar Kraft, Jr. & Verner Kraft With Stern, Frank

LOS ANGELES, Calif.—Oscar F. Kraft, Jr. and Verner H. Kraft have become associated with Stern, Frank, Meyer & Fox, 325 West Eighth Street, member of the New York and Pacific Coast Stock Exchanges. Both were formerly officers of Oscar F. Kraft & Co.

J. P. Sheather With Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John P. Sheather has become associated with Hayden, Stone & Co., 5657 Wilshire Boulevard. Mr. Sheather was formerly in the underwriting department of First California Company.

Hincks Bros. to Be NYSE Member

BRIDGEPORT, Conn.—Thomas E. Murray II, member of the New York Stock Exchange, will become a Vice-President of Hincks Bros. & Co., Inc., 872 Main Street, and the firm, which is a member of the Midwest Stock Exchange, will acquire a membership in the New York Exchange also. Other officers are George A. Dockham, President and Treasurer; John W. McQuade, Vice-President; Goodwin Stoddard, Secretary; Rudolph L. Knablein, Assistant Vice-President; and E. Cortright Phillips, Controller.

Form Sydie, Sutherland, Ritchie

EDMONTON, Canada—Howard S. Ritchie and D. Max Ritchie, formerly of Ritchie Bros. & Co., Ltd., have joined Sydie, Sutherland Ltd., and the firm name of the latter has been changed to Sydie, Sutherland & Ritchie Ltd. Offices are in the Royal Trust Building. Officers of the new firm are John E. Sydie, J. Logan Sutherland, Howard S. Ritchie and D. Max Ritchie.

THE MARKET . . . AND YOU

BY WALLACE STREETE

Stocks fell back into desultory action this week with a decline in steel production below 80% serving to chill rallying tendencies. Also weighing heavily on the overall economic picture were auto inventories at an abnormally high level.

Selective Strength

With easiness in such important segments of the economy, there was little incentive for the stock market to do anything decisive generally. It didn't stop individual situations from making continued progress, including staid American Telephone which worked to the best peak seen in 30 years. Electronic favorites were also able to show on some good gains occasionally, with Texas Instruments among them and also posting a new peak, the highest in history for it.

* * *

Rails and utilities held in a narrow range for the most, pretty clearly a case of general neglect, even though some of the investment company portfolios showed them quietly picking up selected utilities. Lehman Corp., as a matter of fact, now shows utilities as its chief holding replacing the long-leading oil group by a comfortable margin.

* * *

The high-priced item in the mutual fund management company stocks is Investors Diversified Services, which was also a first in having an active market for its shares prior to the outpouring of other investment management company shares last year. It had a drop of nearly 100 points from its 290 peak when some official statements indicated that the Securities & Exchange Commission was frowning on public participation in such shares. But then its annual report indicated a good jump in earnings last year to $10.68 from $8.80, and the stock has been doing better lately. With such companies' expenses generally small, the need for cash is not urgent, and in some quarters IDS is considered a candidate for a dividend increase. The current indicated rate is $5 annually, an increase from the $4 rate in effect at this time a year ago. But there is still plenty of room for more improvement.

Interesting New Arrival

One item available in listed trading for only about a month is Vendo Corp. It bowed-in early in March, and had a fairly routine trading life until interest perked up this week and gave it a day in the limelight and a position on the roster of new highs.

Vendo is billed as the largest maker of automatic vending machines in the world. Its product line covers a wide range of applications from cigarets, coffee and candy to such specialties as canned fruit and pastries. The champions of the vending machine system of merchandising use dazzling adjectives to describe the field. The 1958 increase in merchandise sold was 5% and last year the increase jumped to 10%. A four-fold increase in sales is projected in the next eight years. Factors in the field aren't many, so Vendo accounts for about a third of the vending equipment sold. It is an obvious candidate for some better dividend action, since the 60-cent payout was well covered by last year's $1.94 earnings and an increase to $2.60 or better is anticipated this year.

Aluminums Stirring

The aluminum business is also one where competition is keen but confined to a handful of companies. The huge capital needed to get into aluminum production is the limiting factor to keep production in the hands of relatively few basic producers.

* * *

The aluminum stocks haven't been skyrockets in the market recently, although lately they have shown something of a change in investor favor. The producers were busily building up production facilities, fully confident that their metal is a real growth one. But then the over-production was stressed so widely that aluminums fell from favor rather rapidly.

* * *

Kaiser Aluminum is an infant among American corporations, only 20 years old. But the measure of the growth of the aluminum industry is the buildup in Kaiser sales to well past $400 million in that short span; which leaves it only slightly behind Aluminium, Ltd., and Reynolds Metals.

* * *

The giant of the aluminum business is still Aluminum Co. of America, once the sole producer of the metal. And Alcoa is still one of the better values in the field — the soundest financial structure, wide diversification and able to finance its expansion from internal funds. It wasn't able to duck the bad effects of overproduction, however. But from a low in 1958, its earnings have been expanding steadily. This the market has

not yet recognized since the stock is available at a discount of some three dozen points below the 1956 high. The only shares that have bettered their 1956 high in the aluminum group are those of Reynolds Metals.

Old-Time Standby

The old-time standby that is still paying off for one company is the familiar glass container. And Thatcher Glass Mfg., despite the inroads made in recent years by paper containers, still gets some nine-tenths of its volume from glass. In the decade of the 50's, moreover, it was able to lift sales more than two and a half times, and boost earnings comfortably despite the costs of diversification and new facilities.

* * *

Thatcher, moreover, would seem to be a neglected item even in its group with a yield approaching 4¾%; a price range of only half a dozen points all last year, a tag currently below the 1959 low; and a discount of some 10 points from the 1958 high when it worked above 38. So far this year its range has been only a shade more than three points.

High-Yielding Opportunity

Another high-yielding item that has been out of favor for some time is Combustion Engineering, important producer of equipment for the public utilities. Here, again, there aren't many other producers of large steam generating units. The investor enthusiasm for suppliers to the public utilities waned rather sharply last year, when utilities cut their capital spending by 10%. But then there was little rebound when they slated an increase of 7% in their spending this year. Combustion Engineering sold far higher in each of the last four years since a stock split in 1956.

* * *

Net income for Combustion was off last year after sales slid 11% from the all-time peak of 1958, but the prospects are bright for this year, and for several years ahead, since its equipment takes up to several years to deliver and it ended 1959 with unfilled orders at an all-time high. It has been in the forefront of work to harness nuclear energy to producing power commercially, but there has been little romance to this aspect of its affairs, and, in fact, the nuclear work has been a drag on its profits because of the heavy cost of research and development. But it is solidly in the field and any dramatic breakthrough to make nuclear power plants feasible would not find the firm lagging technologically.

* * *

The entire nuclear field has little effect on specific issues. Where missile contracts breed spirited price action, government awards to such firms as Martin, Aerojet, Westinghouse and General Electric for nuclear equipment and research are shrugged off rather pointedly.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Two New Ltd. Partners Join D. H. Blair Co.

D. H. Blair & Company, 42 Broadway, New York City, money and stock brokerage house and member of the New York Stock Exchange and American Stock Exchange, announces that Dewey Awad, President of E. Awad & Sons, Inc., and Michael A. Miller, Chairman of the Board of I. Miller & Sons, have joined the company as limited partners. D. H. Blair & Company recently announced a reorganization of its general partners and an expansion of its operating facilities.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Chemical Bank New York Trust Co., New York, announced on April 6, the election of C. Anderson McLeod as a Vice-President. Mr. McLeod is with the bank's Wall Street division at 30 Broad St., where he has served as an Assistant Vice-President since 1955.

* * *

Appointment of Michael Van Den Bergh as an Assistant Secretary of **Manufacturers Trust Co., New York,** was announced by Horace C. Flanigan, Chairman of the Board.

* * *

Appointment of Edwin D. Curry, as an Assistant Secretary of **Manufacturers Trust Company, New York** is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Curry came to the bank in 1929.

* * *

THE FIRST NATIONAL CITY BANK OF NEW YORK

	Mar. 31, '60	Dec. 31, '59
	$	$
Total resources	7,915,298,411	8,123,179,539
Deposits	6,791,463,001	7,103,582,539
Cash and due from banks	1,965,349,855	1,949,570,903
U. S. Govt. security holdgs.	945,681,001	1,036,326,888
Loans & discnts.	4,194,577,246	4,416,286,600
Undivd. profits	110,524,396	109,610,158

* * *

Frederic A. Ritchie and Harry F. J. Schroeder, Assistant Controllers of **Bankers Trust Co., New York,** have been named Vice-Presidents, it was anounced by William H. Moore, the bank's Chairman.

Simultaneously, Mr. Moore made known the election of Irving Grosswald and Irving Volen, Assistant Treasurers in the bank's Branch Office Loan Administration Division to Assistant Vice-Presidents and of Robert O. Parks, formerly Assistant Secretary to Assistant Vice-President in the Investment Advisory Division. In Trust Department promotions, Malcolm A. Stevenson, formerly an Assistant Trust Officer, was made Trust Officer and Joseph L. Alexander was named an Assistant Trust Officer. Kenrick W. Prescot, of the bank's London office, has been named an Assistant Manager.

* * *

FIRST NATIONAL CITY TRUST COMPANY, NEW YORK

	Mar. 31, '60	Dec. 31, '59
	$	$
Total resources	153,348,271	174,330,716
Deposits	113,257,365	131,303,800
Cash & due from banks	24,767,767	59,384,836
U. S. Government security holdings	50,999,735	71,966,760
Loans & discounts	39,822,415	3,755,598
Undivided profits	5,804,241	5,499,387

* * *

The Hanover Bank, New York, announced the opening of a new branch office on April 11. The new branch will be located in the Union Carbide building at Madison Ave. and 47th St.

* * *

Charles M. Bliss and Roderick McRae, Executive Vice-Presidents of **The Bank of New York,** were elected Trustees of the bank on April 12, according to an announcement by Albert C. Simmonds, Jr., Chairman. Mr. Bliss is head of the bank's Trust Division, and Mr. McRae is in charge of the Investment Division.

Mr. Bliss joined The Bank of New York in 1931 after a brief connection with the **Equitable Trust Company in New York.** Having started in the Investment Counsel Department, he was appointed Vice-President in 1942. Since 1949, he has been head of the Trust Division. He was made Executive Vice-President in 1957.

Mr. McRae joined The Bank of New York in 1930. He was appointed a Vice-President in 1942 and Executive Vice-President in 1957.

* * *

The merger of the **Mechanics and Farmers Savings Bank, Albany, New York** with the **Albany Exchange Savings Bank,** under the title of **Mechanics Exchange Savings Bank,** has been approved by the State Banking Board, and became effective as of the close of business on April 8.

* * *

The Marine Midland Trust Co., of Southern New York, Elmira, announced their proposal to acquire the **Windsor National Bank of Windsor, New York.** Marine Midland Trust Co., is an affiliate of the **Marine Midland Trust Corp.**

* * *

The merger of the **First National Bank in Rockland, Maine,** with common stock of $125,000 with and into **First Portland National Bank, Portland, Maine,** with common stock of $2,250,000, was approved and became effective as of the close of business March 31. The merger was effected under the charter of First Portland National Bank and under the title First National Bank of Portland, with capital stock of $2,475,000 divided into 123,750 shares of common stock of the par value of $20 each.

* * *

THE FAIRFIELD COUNTY TRUST COMPANY, STAMFORD, CONN.

	Mar. 31, '60	Dec. 31, '59
	$	$
Total resources	177,830,318	188,314,759
Deposits	159,634,475	170,921,606
Cash and due from banks	15,223,507	22,619,562
U. S. Government security holdings	36,841,201	39,944,633
Loans & discounts	105,597,356	105,898,304
Undivid. profits	1,247,270	1,283,103

* * *

Major General Francis H. Lanahan, retired, was elected April 11 to the Board of the **Peoples Trust Company of Bergen County, Hackensack, N. J.**

* * *

The First National Bank in Indiana, Pa., increased its common capital stock from $350,000 to $525,000, by the sale of new stock. Effective March 30. (Number of shares outstanding 52,500, par value $10.)

* * *

By a stock dividend, the **Montgomery County National Bank of Rockville, Maryland,** increased its common capital stock from $100,000 to $300,000 and also by the sale of new stock from $300,000 to $350,000. Effective March 30. (Number of Shares outstanding 14,000, par value $25.)

* * *

By a stock dividend, the **First National Bank of Akron, Ohio,** increased its common capital stock from $4,542,720 to $4,724,430. Effective April 1. (Number of shares outstanding 472,443, par value $10.)

* * *

Robert L. Milligan was elected a Director of **Continental Illinois National Bank and Trust Co. of Chicago,** on April 8.

He fills a vacancy created by the retirement from the Board of Edward A. Cudahy, who has been an active Director of Continental for 26 years.

* * *

Donald L. Balzer has been elected Auditor of the **Illinois State Bank of Quincy, Ill.,** Frank Strieby, President, has announced.

* * *

By the sale of new stock, the **Elmhurst National Bank, Elmhurst, Ill.,** increased its common capital stock from $800,000 to $1,000,000. Effective March 30. (Number of shares outstanding 40,000, par value $25.)

* * *

THE NATIONAL BANK OF DETROIT, MICHIGAN

	Mar. 31, '60	Dec. 31, '59
	$	$
Total resources	1,919,966,949	1,977,242,915
Deposits	1,698,250,532	1,785,825,595
Cash and due from banks	403,689,122	384,549,754
U. S. Govt. security holdgs.	478,569,248	543,143,394
Loans & discts.	773,293,875	775,112,415
Undivd. profits	28,285,984	25,894,640

* * *

THE DETROIT BANK AND TRUST COMPANY, DETROIT, MICH.

	Mar. 31, '60	Dec. 31, '59
	$	$
Total resources	951,962,302	982,109,770
Deposits	860,749,930	891,838,109
Cash and due from banks	156,049,370	149,311,828
U. S. Government security holdings	222,659,253	275,933,819
Loans & discounts	427,151,945	421,982,833
Undivided profits	12,023,033	10,805,337

* * *

CITIZENS FIDELITY BANK AND TRUST COMPANY, LOUISVILLE, KY.

	Mar. 15, '60	Dec. 31, '59
	$	$
Total resources	245,085,293	283,847,242
Deposits	222,117,603	260,044,776
Cash and due from banks	73,312,193	92,829,943
U. S. Government security holdings	46,120,246	65,177,552
Loans & discounts	117,499,557	115,407,034
Undivided profits	3,598,366	3,306,519

* * *

The Stewartville National Bank of Stewartville, Minn., changed its title to **First National Bank of Stewartville.** Effective April 1.

* * *

By a stock dividend, the **Aberdeen National Bank, Aberdeen, South Dakota,** increased its common capital stock from $200,000 to $400,000. Effective April 1. (Number of shares outstanding 4,000, par value $100.)

* * *

The First National Bank in Bartlesville, Oklahoma, by a stock dividend, increased its common capital stock from $1,000,000 to $1,250,000. Effective April 1. (Number of shares outstanding 62,500, par value $20.)

* * *

The newly organized **Fort Knox National Bank, Fort Knox, Ky.,** commenced business April 9 as a member of the Federal Reserve System.

The newly-chartered institution has a capital of $200,000 and surplus of $200,000.

Its officers are: Thomas J. Howard, President, F. E. Hansen, Executive Vice-President, Ducat McEntee, Cashier, and Bryan Browning, Assistant Cashier.

* * *

The First National Bank at Pine Hills, Orange County, Florida, was issued a charter on March 31. The President is Robert R. Lowe and the Cashier is Calvin D. Steele. The capital is $250,000 and the surplus is $350,000.

* * *

The Glendale National Bank, Glendale, Calif., changed its title to **Valley National Bank, Glendale.** Effective April 1.

* * *

The consolidation of the **National Bank of Alaska, in Anchorage, Alaska,** with common stock of $700,000; and **Bank of Kodiak, Alaska,** with common stock of $160,000 and **Bank of Homer, Alaska,** with common stock of $50,000 and **Bank of Wrangell, Alaska,** with common stock of $75,000 and **First Bank of Sitka, Alaska,** with common stock of $112,500; and **Miners and Merchants Bank of Ketchikan, Alaska,** with common stock of $150,000, became effective as of the close of business March 31. The consolidation was effected under the charter of National Bank of Alaska in Anchorage and under the title National Bank of Alaska, with capital stock of $2,168,120 divided into 216,812 shares of common stock of the par value of $10 each.

* * *

James Muir, President and Chairman of the **Royal Bank of Canada,** died on April 10, at the age of 68. Mr. Muir joined the bank in 1912 as a junior clerk. Mr. Muir became President of the bank in 1949 and was named Chairman in 1954. He started his career in 1907 with the **Commercial Bank of Scotland** and later worked in London for the **Chartered Bank of India, Australia, and China.** He was appointed assistant general manager of the bank in 1935 after serving as general inspector. In 1945, he became the general manager. He was elected a Director in 1947 and a Vice-President in 1948.

San Diego Imp. Secs. Offered

Public offering of 728,531 shares of common stock and $5,000,000 of 5¼% subordinated convertible debentures due April 1, 1975, of this corporation was made on April 8. Priced at $7.50 per share, the common stock was offered by a group managed by White, Weld & Co. Inc., and J. A. Hogle & Co. The debentures were offered at 100% and accrued interest from April 1, 1960, by White, Weld & Co. and J. A. Hogle & Co. and associates.

Of the 728,531 shares of common stock offered, 600,000 shares are being sold for the account of the company and 128,531 shares for the account of certain selling stockholders.

Net proceeds from the sale of its 600,000 shares of common stock and the $5,000,000 of debentures will be used by the company to pay the unpaid balance of the purchase price of shares of Investors Savings and Loan Association; to pay the unpaid balance of the purchase price of shares of Amarillo Savings and Loan Association; and to make a partial payment on the company's outstanding short-term bank loans.

The 1975 debentures are convertible, at the option of the holder, into shares of common stock of the company, at the conversion price of $9 per share, subject to certain conditions. The debentures will be redeemable at optional redemption prices ranging from 105% on April 1, 1960 to 100% on April 1, 1974, and for the sinking fund at par, plus accrued interest in each case.

The San Diego, Cal., corporation is engaged primarily in the business of holding stocks of other companies. It owns substantially all the equity stock of fourteen savings and loan associations: four in California;; seven in Texas; one in Colorado, and two in Kansas. It also owns all of the outstanding stock of Chula Vista Investment Co., San Diego, and Silver State Insurance Agency, Inc., Denver, Colo.; and 11.4% of the capital stock of Southland Savings and Loan Association of La Mesa, Cal.

At Dec. 31, 1959, the company's fourteen savings and loan associations had total assets of $372,065,657; total loans of $317,699,688; savings accounts, $311,611,349 and stockholders' equity and general reserves,, $24,512,508. For the year 1959, the company and its subsidiaries had pro forma combined revenues of $19,950,294, and net income, before appropriations for general reserves, was $3,208,527, equal to 77 cents per share.

Walston Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—David L. Wright has been added to the staff of Walston & Co., Inc., Denver U. S. National Center.

Joins Peters, Writer

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Jerrold V. Evans is now with Peters, Writer & Christensen, Inc., 724 Seventeenth Street.

Lebenthal Incorporated

Lebenthal & Co., 135 Broadway, New York City, specialists in odd lot municipal bonds, has changed the firm name to Lebenthal & Co., Inc., effective April 1.

Kirchner, Ormsbee Merges With Peters, Writer

DENVER, Colo.—Approval of the New York Stock Exchange has been received for the merger of Kirchner, Ormsbee and Wiesner,


Robert M. Kirchner Jack E. Ormsbee

municipal and school bond dealers, with Peters, Writer and Christensen, Inc., 724 Seventeenth Street, 25-year-old Denver investment banking firm. Details of the merger were revealed by Gerald P. Peters, President of Peters, Writer and Christensen, Inc., and Robert M. Kirchner, President of Kirchner, Ormsbee and Wiesner. Mr. Peters said that Mr. Kirchner and Jack E. Ormsbee have become voting stockholders of the firm. They will serve as co-managers of the Municipal Bond Department.

Kirchner, Ormsbee and Wiesner was organized Jan. 1, 1956 as the only exclusive municipal and school bond dealer in the Rocky Mountain states. They have underwritten issues in Colorado, Wyoming, New Mexico, Montana, Utah, Arizona, Nevada and California. It is a fully integrated bond house, having serviced innumerable municipalities in difficult as well as routine types of financing.

Peters, Writer and Christensen, member of the New York Stock Exchange and associate member of the American Stock Exchange, maintain offices in Denver, Colorado Springs, Loveland and Grand Junction. The Grand Junction office was acquired recently in a purchase of the Harry W. Peters Investment Securities firm.

Eberstadt Offers Chock Full O'Nuts

A secondary offering of 126,000 shares of common stock of Chock Full O'Nuts Corp. was made on April 12 by an underwriting group headed by F. Eberstadt & Co. The stock was priced at $45 per share, and the issue was oversubscribed and the books closed.

William Black, founder and President of Chock Full O'Nuts, recently gave this stock to Columbia University as a contribution toward the construction of a medical research building on the campus of The College of Physicians and Surgeons. Net proceeds of the sale of these securities will be received by Columbia.

The corporation operates a chain of 29 counter-service restaurants located principally in the Borough of Manhattan in New York City. On March 30, the company opened a new restaurant in Manhattan. During the remainder of 1960, it will open four more Manhattan restaurants and enlarge an existing one. In this operation, the company specializes in serving a limited menu of quality food in clean surroundings at low prices.

A second division of the concern produces a brand of premium priced, all-method grind, vacuum packed coffee under the "Chock Full O'Nuts" label.

In addition to the New York metropolitan area, the coffee is also distributed in marketing areas in up-state New York, Maine, Connecticut, Rhode Island, Massa-

chusetts, Pennsylvania, Maryland, Virginia, Ohio, Michigan and in Washington, D. C., and Toronto and Windsor, Canada.

For the six months ended Jan. 31, 1960, net sales of both divisions were $14,591,194 and net income was $944,837, compared with net sales of $13,224,513 and net income of $710,595 for the like period of 1958. Total sales for the year ended July 31, 1959 equaled $26,342,172 and net income was $1,566,219, equivalent to $1.96 per share.

FNMA to Offer New Type of Short-Term Paper

Latest Federal National Mortgage Association financing will offer 30-90 day discount notes similar to commercial paper. A. G. Becker will handle the transaction.

The Federal National Mortgage Association announced this week that on or about April 18 it will issue a limited amount of short term discount notes similar to commercial paper to meet a portion of its Secondary Market Operations financing requirements.

According to FNMA president J. Stanley Baughman investors will be able to purchase such paper with exact maturity dates tailored to their individual needs within certain maturity ranges at published rates. The notes will be sold on a discount basis with the investor receiving the face amount at maturity at the Federal Reserve Bank of New York. They will be issued in denominations of $5,000, $10,000, $25,000, $100,000, $500,000 and $1,000,000. Sales will be made only in multiples of $5,000. These notes are obligations of the FNMA and are not guaranteed by the U. S. Government.

It is anticipated that the bulk of this financing will consist of notes with maturities in the 30-90 day area. No notes will be issued to mature during the following periods: March 10-23, June 10-23, September 10-23 and December 10-23. At the inception of the program notes will be available in the following four maturity ranges: 30-59 days, 60-89 days, 90-179 days and 180-270 days.

On or about April 18, the Association will announce the discount rates which will apply to these maturity ranges at the beginning of the program.

FNMA reserves the right to change rates and maturity ranges without prior notice. Public announcement of such rate changes will be made by means of a news release issued by the Association.

The notes will be marketed and distributed on an exclusive basis by A. G. Becker & Co., Inc. with principal offices located in Chicago, New York and San Francisco, to whom all inquiries concerning purchase of the notes should be directed.

Named Directors

John F. Coughenour, Jr., Peters, Writer & Christensen, Inc., Denver, and Joseph A. Patrick, a New York attorney, have been elected directors of Northern Properties, Inc.

With V. K. Osborne

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Mary A. Scully is now connected with V. K. Osborne & Sons, Inc., 9650 Santa Monica Blvd. Miss Scully was formerly with Dempsey-Tegeler & Co.

Gaither Co. Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Irving J. Naughton has been added to the staff of Gaither & Co., Inc., 11900 Shaker Boulevard, members of the Midwest Stock Exchange.

IBA Training Program Is In Session

WASHINGTON, D. C.—The tenth annual executive development program sponsored by the Investment Bankers Association of America is being held this week (April 10-15) on the campus of the University of Pennsylvania, Philadelphia. More than 260 junior partners and officers and other seasoned personnel of IBA member organizations are attending, according to James J. Lee, W. E. Hutton & Co., New York, President of the Association.

The training program was inaugurated in 1951 as a one-year Investment Banking Seminar, jointly sponsored by the IBA Education Committee and the Wharton School of Finance and Commerce. In 1953 the Institute of Investment Banking was organized under the same auspices to provide a more comprehensive program through a three-year sequence.

The Institute is designed to familiarize registrants with current developments and problems affecting the investment business and to develop leadership and foster efficiency in all phases of investment banking operation. It offers an invaluable experience for officers and partners of member organizations and others who are being prepared for positions of greater responsibility. Speakers and discussion leaders drawn from the investment banking field and from business, government and academic circles present significant topics of current interest.

Registrants attend the Institute for one week each spring for three years, and upon completion of the program receive a Certificate of Merit. It is expected that 70 registrants will receive certificates at the graduation exercises on Friday, April 15, the concluding day.

Applications for the 1960 Institute again substantially exceeded the available facilities at the Wharton School, according to Robert O. Shepard, President, Prescott, Shepard and Co., Inc., Cleveland, Chairman of both the IBA Education Committee and the related Institute Planning Committee.

Pacific NW Group Of IBA to Meet

PORTLAND, Oreg. — The Pacific Northwest Group of the Investment Bankers Association will hold its annual meeting Sept. 9th and 10th at the Sheraton Portland.

Whit Pearson of Blyth & Co., Inc., is to be the Convention Chairman.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — John P. Baxter and Sidney T. Bailey have become associated with Paine, Webber, Jackson & Curtis, Russ Building. He was formerly with Walston & Co., Inc.

The Economic Challenge Of the Soviet Union

By Hon. Don Paarlberg,* *Special Assistant to the President, Washington, D. C.*

Staff executive to the President analyzes the Soviet economic challenge and our responses to it. He offers a policy to achieve a high rate of economic growth which would not require making it the sole responsibility of the government. In rebutting those who advocate central direction and austerity in order to channel a greater share of our resources into capital investment, Mr. Paarlberg refers to the non-necessity and dangers of emulating the Russians. Moreover, he warns against the dual tendency to play down and over-play the Russian challenge. In his final point, he avers it would be terribly wrong if we accepted the Soviet view that the contest between us is solely an economic one and forget that the rivalry is also ideological and spiritual.

I want to explore the very broad and very complex area of general economic policy.

We are in the first year of a new decade. It is appropriate that we think about the kind of economic problems which we will confront during this decade and beyond.

Don Paarlberg

What will be the dominant economic problems during the years ahead. A number of subjects have been nominated for this role:

One such subject is an effort to achieve further advances in living levels and a broader sharing of the fruits of technological change.

Another is the curbing of concentrated economic power, and a better harmonizing of group objectives with the public interest.

Still another is cushioning the sometimes harsh adjustments in economic life which flow from the onrush of technology.

An attack on inflation has been suggested, with something approximating the diligence and resourcefulness that was employed in combatting depression three decades earlier.

Yet another problem is an effort to aid the underdeveloped countries, in a manner similar to the recently - accomplished rebuilding of war-torn Europe.

There are other economic problems which might be appended to this list. But there is one which in a broad sense includes within it all of the foregoing; that is our response to the economic challenge of the Soviet Union. Everyone has heard of the challenge issued to the United States by Chairman Khrushchev — his frequently stated goal of first equalling and then exceeding the United States in the output of goods and services. "We will bury you," he said, and there can be little doubt that he meant it.

Much has been said and written comparing the Soviet economy with our own. I am talking about economic comparisons, not military capabilities, though the two are to a degree related.

The Difficulty of Comparisons

Any economic comparison is made difficult by the inherent awkwardness of measurement, by the uncertainties which surround Soviet statistics, and by the lack of comparability between the two economics. To chart accurately the size of our own product is itself a difficult statistical operation. How does one add together such unlike things as crude oil and college training? To compute the output of the Soviet economy from the fragmentary and questionable figures available is far more difficult. To compare these two approximate quantities is to run the risk of compounding the errors in both.

Once economic output has been estimated, the calculation of trends in the growth rates inevitably follows. Once trends have been computed, the urge to project them into the future is irresistible. The projection of trends is one of the most fascinating and hazardous occupations known to man. The first year of my life I gained 20 pounds. If I had gained that much each year, I would now weigh half a ton.

Despite all the difficulties of making comparisons of the two economies, comparisons of some sort must be made. Lengthy hearings have been held during this past year by the Joint Economic Committee of the Congress, and the most expert people in the country have given testimony.

Well-qualified people differ in their estimates of Soviet capabilities. But if one would make a composite of the testimony of able persons, he perhaps would reach this conclusion: that the Gross National Product of the United States, the sum total of all goods and services produced, is presently at least twice that of the Soviet Union, but that our rate of economic growth, in percentage terms, is much less than theirs. During the last decade or so the best computations show that our economy has been advancing at a rate somewhat in excess of 3% annually. The concensus of informed estimates is that the Soviet Union has been growing at something like twice that percentage. In absolute amounts, say those who have studied this problem closely, the yearly increment of growth in this country is roughly comparable in volume with that of the Soviet Union, though greatly different in composition. Our own economic output is weighted heavily by consumer goods and services; the Soviet economy is heavily weighted by capital investment and military outlay.

Last year the rate of economic growth in this country, in real terms, was 7%, this being larger than usual by virtue of the fact that we were emerging from a recession. In 1960 the American economy is generally expected to advance by an additional large amount. While we are very happy to have them, these favorable figures are related to a particular phase of the business cycle and are not to be interpreted as the long-run prospect. Throughout this paper I will be speaking of long-term growth rates. The problem of dealing with the business cycle is related to but different from the problem of promoting long-term sustainable economic growth.

What is the meaning of growth rates in this country and in the Soviet Union? Are differential rates of growth a matter of real significance, or is this just some sort of numbers game?

The Importance of Growth

The rate of economic growth has great meaning. For one thing, it is from increments in economic growth that a country achieves improvement in the well-being of its citizens. Our people aspire to further advances in the quantity and quality of goods and services available to them; if the economy grows these will be forthcoming. Advances in living levels have to do with better education, improved health, and better housing for larger numbers of our people. Thus, a high, sustainable rate of economic growth is for us a desirable thing, good in itself, apart from any consideration of what goes on in the Soviet Union. The Soviet Union also wishes to lift the living level of its people, and has recently emphasized this aspect of economic life. Since the average person in the Soviet Union has available only about one-fourth of the goods and services enjoyed by the average American citizen, the drive for improvement is probably greater there than here.

The rate of economic growth is also important in that it is a measure, though not by any means the sole measure, of the growth of military potential. The greater the total output of goods and services, the greater can be the military effort. Our military effort amounts to about 10% of a large Gross National Product; the military effort of the Soviet Union is a much larger percentage of a much smaller product. Our present economy is well capable of supporting such military effort as our needs prescribe. A marked and sustained advance in the Soviet economy would lift the level of that country's military capability and hence is of concern to us.

Finally, there is an element of prestige and leadership involved in having a high economic output, and in having a high rate of economic growth. One-third of the world presently enjoys free government. One-third is regimented. The remaining third is to some extent uncommitted on this issue. These uncommitted people, including those in parts of Asia, Africa, and Latin America, presently underdeveloped, aspire to lift their level of living. Many underdeveloped countries, anxious to advance themselves, may be more inclined to embrace a regimented system if one of its attributes is a rapid rate of economic growth. To an underdeveloped country, a high level of economic output, such as we have in the United States, is not as impressive as one might think; such a high level is often viewed as simply unattainable. A high rate of economic growth, however, beginning from where they are, is more readily translatable into meaningful terms.

How Is Growth Used?

For these obvious reasons, we wish to have a high rate of sound, sustainable economic growth.

If the Soviet Union were to use the increments of economic growth for advances in the well-being of its people, we would, of course, be happy. But if it uses them to threaten us militarily, or to subvert the underdeveloped and uncommitted nations, then the matter is a serious one indeed.

The significance of economic advances in the Soviet Union depends upon Soviet objectives. The counsel of history is that we consider the Soviet Government as not being exclusively concerned with the living level of its citizens.

What has been and what should be our reaction to the economic challenge laid down by the Soviet Union?

For a long time there was not thought to be a challenge.

It is not surprising that this would have been the American reaction. The enterprise system of the United States has made us the most productive country on the face of the globe, and has given us the highest level of living ever enjoyed by any people. It is a deep-rooted American belief that the enterprise system is able to outproduce a regimented economy.

It is true that we have had periods of time, as during World War II, when we temporarily and partially regimented the American economy, and thereby much changed and increased the output of basic items. But our whole history has been such as to cause us to question the idea that a regimented economy could seriously challenge the economic supremacy of this country.

However, the economic challenge of the Soviet Union has reached such proportions that it must be taken into account. This appears from such statistical comparisons as we have. Even if we totally discount the statistical comparisons, the economic advance of the Soviet Union is evident in judgments made by visitors to the land, who compare present conditions with the remembered circumstances of former years.

Those who characterize the economic challenge of the Soviet Union as a serious threat may be classified in two broad groups.

Reactions to the Soviet Challenge

First, there are those whose primary interest is in other matters, but who use the rise of the Soviet economy as a new rationale for the promotion of programs they have long held dear. Chief among these are the proponents of pet spending schemes. Their programs have, during the past 30 years, been successively rationalized on the basis of overcoming the depression, winning the war, and expanding social services. Now they are rationalized on the basis of promoting economic growth so as to match the Soviet performance. These pet schemes are hooked onto whatever is the prevailing public concern. They should be discussed on the basis of their merits or demerits, not on the basis of some alleged association with whatever is currently regarded as a problem. I shall not here deal with the over-rationalized proposals of these people.

Second, there are those who endeavor, from honest motivation, to deal constructively with this problem. These people and their proposals merit our consideration; it is here that I intend to focus my remarks.

Whereas formerly the tendency was to play down the economic challenge of the Soviet Union, some people now overplay it. They counsel us to accept the Soviet challenge on whatever terms it is laid down. If the Soviet Union generates a certain rate of economic growth, we are told that we should strive to equal or approach it. If they set up specific objectives, industry-by-industry, we are told that we should adopt a similar approach. If they issue an economic challenge in any field, it is said that we should automatically accept it and try to outdo them. "Whatever you can do, I can do better." This may be a good song, but it's poor strategy.

This form of strategy would have the leaders of the Soviet Union selecting the area of competition, choosing the issues they wish to raise, and naming the field in which we are to contend. Inevitably they would choose such objectives and name such areas of competition as were advantageous to them, as had for them a natural competitive advantage. To accept a challenge in this form would be like playing cards in a game in which your opponent always names trump.

If we allow the Soviet Union to name the area in which our two nations are to compete, we would in effect make their objectives our own. We would in time take on their image.

Rebukes Those Who Would Emulate the USSR

The reason for our rivalry is that we don't want to be like they are; if in order to **overcome** them we become **like** them, then our cause is lost as soon as the issue is joined.

The rapid rate of economic growth in the Soviet Union is a matter of concern, and it is a foolish man indeed who would shrug it off.

But it would be an even more foolish man who would accept the Soviet objectives and emulate the Soviet technique of regimentation in an effort to beat them at their own game. Such an effort is not likely to win, and if it were, the fruits of victory would have been foregone before the battle began. Far more is at stake than merely to see which country can post the larger statistic, measuring the annual rate of growth.

There are various ways of trying to register the larger percentage increase in the rate of growth. We could lengthen the work week, recruit millions of women and old poeple for the labor force, reassign half of our clerks and waitresses to other duties, squeeze down the level of consumption, dispense with certain of our frills, and forcibly extract savings from the people to spend on capital investment. This is what the Soviet Union does. But if we were to imitate them, we would lose our character as a free and independent people.

The rapid growth rate achieved by the Soviet system with its regimented system is accomplished by the suppression of individual rights, a technique made easier by the fact that their people have never known freedom to the degree we have. They went from autocracy under the Czars to regimentation under the Commissars.

Our poeple have a heritage of freedom. Individual rights in this country will not easily be relinquished. The point of the matter is that any attempt at central direction of this country's economy will encounter political, economic, and sociological obstacles unknown to the Soviet Union. We cannot succeed with their system.

This kind of argument is being made: By central direction of its economy, the United States vastly increased its output during World War II. Now, it is said, we are faced with a similar challenge. We should, it is maintained, prune away, by government action, some of the frivolities of our free economy, adopt a program of austerity, and by some form of central direction channel a greater share of our resources to capital investment.

Let us examine this argument carefully; there is a persuasive sound to it.

Answers Advocates of Central Direction

The United States temporarily adopted central direction of its economy during the two Great Wars, firm in the belief that freedoms temporarily surrendered would be taken up again at the close of the War. The first War lasted two and a half years; the second one lasted four a half. The desire for freedom was kept alive during these relatively short periods; when the wars were over we again took up our freedom, only slightly impaired by its temporary and partial eclipse.

What is the probable duration of the economic rivalry between the United States and the Soviet Union. This may be a rivalry whose duration is to be measured in decades or generations rather than in years. No man can say how long it will be; no man would predict that it will be brief.

Could we put freedom aside for decades, and then reinstate it? If a whole generation were deprived of freedom or had its freedom substantially impaired, would freedom be sufficiently cherished

so that we would return to it? Would we remember the rewards of freedom? Would the desire for freedom be strong enough to shatter a pattern of regimentation, laid down and congealed over a period of decades? Would looking to central government become so habituated that local government, and indeed the capacity for local governing, would wither and die? To put these questions to the test would place in jeopardy our most precious heritage. It would demonstrate that we hold in low esteem the capabilities and the merits of our free system.

We need to be reminded that economic freedom, extended to all the people, is a relatively new concept in the world's history. It has emerged only in recent centuries, only in parts of the world, and only at immense cost. It is not the kind of system which can be put in escrow. It must be practiced if it is to be kept alive. This system, which has rewarded us byond our brightest dreams, deserves better than that we should voluntarily impair it through fear of a still-distant competitor.

The President has expressed utmost confidence in the ultimate victory of representative government and an enterprise economy. The Vice-President has said we can win this horse-race with the Soviet Union provided — and I emphasize this — provided **we** don't try to ride **their** horse.

Keeping Aware of Our Capabilities and Strength

While we should recognize and respect the economic capabilities of the Soviet Union, we should not underestimate our own capabilities and our own strength. These are immense, presently more than twice those of the Soviet Union.

Put into the terms of a baseball game, the situation is somewhat as follows: Early in the game, we are ahead four-to-two. In the next inning, each team adds a run. For us this additional run was a 25% addition to our score; for our opponents it was a 50% increase. Some clever fellow might calculate that if the visitors kept increasing their score by 50% every inning, while we increased ours by only 25%, then in time they would be ahead. No sensible manager would basically change his strategy on the basis of such a computation. Least of all would he adopt the strategy of the opposing team. He would follow the best strategy he could, and make as many runs as possible. He would not underestimate the strength or the threat of his opponent, but neither would he underestimate his own strength.

To promote the right kind of solid growth is a shared responsibility, a responsibility which rests upon private persons and local and state governments as well as the Federal Government.

The Federal Government cannot long force a high rate of economic growth upon us unless basically the people want it. And if we want it, which we should, there are many ways to bring it about besides making it the sole responsibility of the Federal Government.

How We Can Achieve Growth

The business community can enhance economic growth by adopting new techniques, by more competitive pricing and by a more open stance with respect to the entry of new firms.

Labor can promote economic growth by accepting the consequences of technological change and by accepting the responsibilities as well as the benefits of size and power.

Local governments can promote economic growth by providing adequate education and community services.

State governments can help equalize educational opportunities, provide better roads, and better social services.

The Federal Government can help provide a climate within which enterprise and economic growth can flourish. It can round out and supplement the efforts of state and local governments in the development of human and natural resources, being careful in the process not to pre-empt, substitute for, or discourage local and state efforts. It can pursue sound fiscal and monetary policies. It can develop realistic price and production-control policies in agriculture rather than perpetuate nonsensical and costly distortions.

The Federal Government cannot, singlehanded, take responsibility for producing a specified rate of economic growth.

Great though our performance is, we should not be satisfied with it. How can we improve the performance of the American economic system? There is no mystery about it. The key is the preservation of the initiative, vitality, energy and resourcefulness of our people. We can improve our economic system through the development of our human and material resources, through better and broader education, more research, inducement for saving and investment, better use of the incentive system, less indulgence of special interests, and responsible fiscal and monetary policies. Enhanced economic performance comes from these solid sources, not from politically-motivated spending in behalf of ever-greater centralization of governmental power and authority, and certainly — most certainly — *not* from the adoption of techniques alien to our system.

Challenge Is Not Solely an Economic One

This final and major point: We would be terribly wrong if we accepted the Soviet view that the contest between us is solely an economics one.

Theirs is a philosophy of dialectical materialism. They count material goods to be of overwhelming importance. In fact, history is explained in terms of one discipline only, economics. Human rights are considered wholly subordinate, God is said not to exist, and human life itself is considered a luxury indulged by the State.

Our country, on the other hand, was founded on belief in the sovereignty of God and the dignity and rights of man. The marvelous economic productivity of our system is essentially a by-product of these strong beliefs. If we should now forget the central theme of our country, and be persuaded to defend its by-product rather than its substance, we could be terribly and tragically wrong. It is time to re-examine fundamentals.

What are the major attributes of the American system: What are the things to which the American people truly aspire? Despite our occasional preoccupation with other matters, it seems clear to me that respect for the individual, for his fulfillment, for his capabilities, his rights and aspirations, for his freedom and responsibility, for his efforts to achieve an understanding with his God, these are the distinguishing features of the American system.

In these matters we excel the Soviet Union by so wide a margin as to be completely unchallenged. On this we should challenge them. Freedom is meaningful not only in the United States, but in any country in the world. We have so long enjoyed this great blessing that we have come to take it for granted. But in many countries of the world it is not taken for granted; it is greatly desired and much sought. Freedom is still the most revolutionary concept on the face of the earth.

Freedom, indeed, is our trump; we ought to recognize that we have a strong hand and bid so that we can name trump.

We should strive constantly to improve the performance of our economic system, but we should do this within the framework, and not to the detriment of our free institutions. We should do it without depriving the individual of his rights or of his responsibility. This is not to be accomplished simply by appropriating more money, launching more bureaucratic schemes, or trying to match the Soviet Union in competitive areas of its choice. Nor will it be done by taking on the image of the evil we would like to overcome. It will be done by cultivating the creative energy of people, which our system is uniquely capable of doing.

In the last analysis, the rivalry the between the Soviet system and our own is not merely economic, it is also ideological and spiritual. If we remember that, we can win.

*An address by Mr. Paarlberg at the 16th Agricultural Clinic for Agricultural Bankers, Purdue University, Lafayette, Indiana.

A. G. Becker & Co. Offers UCS Com.

An underwriting group headed by A. G. Becker & Co., Inc. on April 11 made a public offering of 150,000 shares of common capital stock of the Universal-Cyclops Steel Corp. at $42.75 a share. Net proceeds from the sale will be added to the company's current funds for use as needed for plant expansion and improvements.

The corporation, whose principal office is at Bridgeville, Pa., is a producer of specialty steels, principally tool and stainless, and of refractory and reactive metals. Most of these products are of special analysis and are produced on a "custom" rather than a tonnage basis. Through its subsidiary, Empire-Reeves Steel Corp., acquired in 1958, Universal-Cyclops has also become a substantial producer of carbon steel and galvanized products.

Net sales for the year ended Dec. 31, 1959 were $127,694,000 and net profits were $9,061,000, equal to $5.24 per outstanding common share after adjustment for a 3% stock dividend.

Giving effect to this sale, capitalization of the company and subsidiaries will consist of $22,500,000 4⅜% notes issued under a term loan and 1,897,430 shares of common capital stock.

Chicago Inv. Women To Hear E. P. Rubin

CHICAGO, Ill. — On Wednesday, April 20, at 6 p.m. The Investment Women of Chicago will hold their annual "Bosses' Night" program at the Chicago Bar Association. Following the dinner the guest speaker will be Edward P. Rubin, President, Selected American Shares, Inc. whose subject will be: "The Changing Investment Outlook."

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The subscriptions to the 4¼% bond due May 15, 1985/75 was a disappointment to say the least. However, even though the takings of the new money raising bond was well under the $500,000,000 minimum target which had been more or less set by the Treasury and many money market followers, the government did get some long-term investment dollars. Nevertheless, it is evident that the 4¼% ceiling for obligations with a due date of longer than five years is not going to bring in subscription in size such as is needed unless credit conditions turn easier. The confused and uncertain capital and money markets are trying to digest the Treasury's new money, refunding and rollover operations.

The improvement in money and credit conditions which made it possible for the Treasury to offer a 4¼% bond, even though it did not go over, does not in the opinion of certain money market specialists mean that interest rates will move lower at this time. They believe that unless business conditions deteriorate further, money rates are probably as low as they will go for a while.

Bond Offering a "Flop"

The Treasury went into the capital market for part of its new money and found the competition for the available funds to be very keen. As a result, the 4¼% bond due May 15, 1985/75, was subscribed to only in the amount of $370,000,000, as against a maximum limit of $1,500,000,000. It had been expected at first by not a few money market specialists that the Treasury would pick up at least $500,000,000, but as the time neared for the closing of the subscription books, the opinions were very strong that the takings of investors in the new money issue would be well under the half-billion mark.

This means that the Treasury has tested the capital market with a long-term bond non-callable for 15 years, and it turned out to be a flop. Whether an offering with a due date of eight, 10 or 12 years and a coupon rate of 4¼% would have been a success is still open to question and will have to be decided at some future date.

Competition Too Keen

The Treasury in going into the long-term sector for new funds was up against the capital market competition from corporate and tax-exempt obligations. In a free economy such as ours, the government in raising money must compete with the yields which are available to investors from the flotations of corporate and tax sheltered bonds. With the return on non-Federal issues more attractive than that which can be obtained in Government bonds, it was not surprising that such a small subscription was made to the long 4¼s. Pension funds in the main, and certain charitable organizations as well as small investment concerns, were reportedly the buyers of the new bond issue.

Shorter Issue Well Taken

The reception which was given to the 4% due May 15, 1962, was in line with predictions that had been made in the financial district. The Treasury accepted $2,150,000,000 of the 25 month 4% notes from subscriptions which amounted to $6.7 billion. The somewhat larger allotment of $2,150,000,000 for the 4% due May 15, 1962, along with the $370,000,000 of the 4¼s of 1985/75, gave the Treasury a bit more than $2.5 billion of new money. And this should carry them through the current fiscal year which ends June 30.

Shorter Offerings to Come

It is believed in financial circles that the Treasury is fully convinced after this recent offering of a long-term bond with a 4¼% ceiling rate that investors are not going to buy the government's most distant maturities in size unless these issues are as attractive from a yield standpoint as are the corporate and tax protected obligations. Accordingly, it appears to be evident that the coming refundings will be provided for through the flotation of securities with a maturity of less than five years unless there is a sharp decrease in interest rate levels, which is not looked for in the foreseeable future.

New Financing Technique Sound

The announced changes for handling future refundings of the government appear to be sound. The paying off of maturities and the selling of new securities should eliminate speculative excesses. Also, the attrition which always accompanies refundings will be done away with under the new plans. In addition, the Treasury will be given wider latitude in the selection of the issues to be offered and will be able to meet the needs of the market without catering to the owners of the maturing obligations and the Central Banks. The terms of payment and the allocations of the new securities likewise appear to be favorable features of the change.

World Savs. & Loan Opens Branch Office

LOS ANGELES, Calif.—President Louis J. Galen of Trans-World Financial Co. has announced that permission has been granted to World Savings and Loan Association of Lynwood, Calif. by the Division of Savings and Loan of the State of California to operate a branch office on Wilshire Boulevard near Alvarado in Los Angeles. World Savings is a subsidiary of Trans-World Financial Co. Other subsidiaries are located in Denver, Colorado and Ontario, Calif.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Idaho Power Company

Idaho Power serves an area of 16,000 square miles and a population of about 400,000 in the Snake River Valley of southern Idaho, eastern Oregon and northern Nevada. Some 89% of revenues are obtained in Idaho and the balance in the other two states. Principal cities served are Boise, Pocatello, Twin Falls, Nampa and Caldwell.

The company is one of the few utilities which obtains virtually all of its power from hydro plants and these provide such a steady output (water being derived from melting snows in the mountains) that no standby steam plants are necessary. The company now has some 12 major hydro plants and two others are under construction or scheduled. The historic battle in Congress over Federal construction of a huge dam at Hells Canyon was finally won by Idaho Power, which substituted three smaller dams—Brownlee, Oxbow and Hells Canyon—with a total of nearly 1 million kw capacity. Brownlee with 450,000 kw is completed, the fourth unit being placed in service in January 1959. Construction on Oxbow's 218,000 kw plant is under way and should be completed in the summer of 1961. Construction of Hells Canyon may begin in the fall of 1961, for completion in about three years, but a two-year extension may be obtained. Construction costs average about $180 per kw, which is a very reasonable price for hydro plants.

Care has been taken to provide flood control and navigation as well as recreation facilities for the general public—boating, picnicking, fishing and water-skiing. Over $11 million is being spent to assist the migration of salmon and steelhead to and from the Pacific Ocean 600 miles downstream. A high voltage grid is being constructed by Idaho Power and other utilities to distribute power from the big new hydro plants. All the new power will be marketed as it comes on the line. For the present, considerable power will be sold at wholesale to Utah Power & Light and others; but when this power can be sold at retail it may add an estimated $1.50 to $1.70 to share earnings because of the higher rates then obtainable.

The company and the area served have shown rapid growth. The company's revenues have tripled since 1948. Because of residential rates more than one-third below the national average domestic and rural customers now use an average of 7,227 kwh per annum. Revenues are made up as follows: residential 27%; farm and irrigation 21%; commercial 20%; industrial 18% and wholesale and miscellaneous 14%.

Some 2½ million acres in the area have now been developed for irrigated farming, and about a million acres more may be added in the future. However, the emphasis is now on expanded processing of local products such as the famous Idaho potato. Today more than 40% of potato output goes into prepared foods such as French fries, marketed in cans or frozen packages, compared with less than 5% a decade ago; it is predicted that 70% or 80% may be processed 10 years from now.

Idaho state's income from manufacturing ($250 million) now exceeds farm income ($210 million) or income from livestock ($190 million). Lumbering provides an annual income of $160 million vs. $101 million a decade ago. The livestock industry is also benefiting from the rapid increase in population in the far west, and demand for beef should continue to grow. About 60% of U. S. phosphate resources are located in Idaho and processing development for production of commercial fertilizer and elemental phosphorous has been increasing. State income from tourist business and recreation has doubled in a decade, to $104 million last year. There are many instances of people who come out to hunt, fish or ski and come back to make their homes in the state or engage in business.

Principal industrial revenues come from railroad yards and shops, phosphorus electric furnace installations and phosphate fertilizer plants, cement mills, dairies and creameries, food-processing plants, flour mills and grain elevators. The largest customer is Food Machinery & Chemical, which currently has an aggregate capacity of 90,000 kw and contributes about 19% of industrial revenues.

Share earnings remained irregular during the years 1948-52, dropping from $1.58 to $1.38, but in the ensuing six years increased steadily to $2.56, dropping to $2.32 in 1959. As is frequently the case with hydro companies earnings were distorted in 1959 by an abnormally high credit for construction interest, amounting to $1.08 a share—the result of an overlapping peak in Brownlee and Oxbow construction expenditures during that year. That factor fully accounts for the 1959 decline in earnings.

The common equity ratio has averaged about 32.5% in the past three years and the company's policy seems to be to keep it within the range of 30%-35%. Present dividend payout is about 73%, and future payout is expected to remain around 70% or better. Dividends were 53% "tax-free" in 1959; the management estimates that they will be 40% tax-free in 1960, 35% in 1961, 25% in 1962 and 15% in 1963.

Earnings on year-end net property account dropped to only 4% in 1958, according to Standard & Poor's, but increased to 4.6% in 1958, and the management anticipates further improvement. With a somewhat higher interest credit in 1960 earnings of $2.55 or more on present shares are budgeted. The interest credit may decline moderately in 1961.

The recent price around 48½, paying $1.70, the stock yields about 3.5% and sells at about 21 times 1959 earnings or 19.6 times budgeted 1960 earnings.

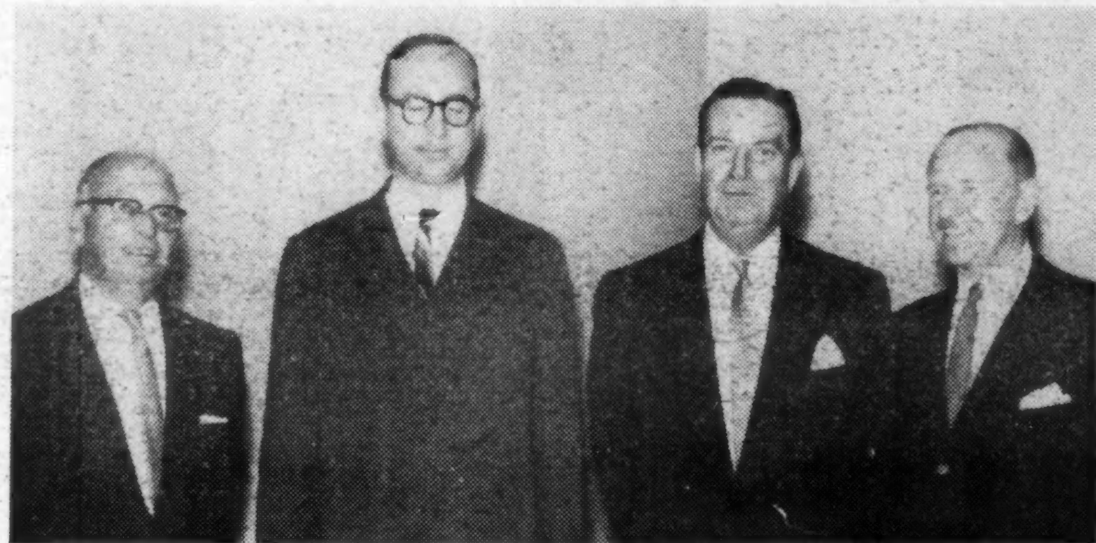
McDonald-Moore Appoints Korff in Grand Rapids

GRAND RAPIDS, Mich.—McDonald-Moore & Co. announces the appointment of Jack J. Korff as Co-Manager of their Grand Rapids office. The office has been under the managership of Pendleton S. Morris since 1935. Mr. Korff will service financial institutions and investors in the western part of Michigan. His previous association was with Walter J. Wade, Inc., Grand Rapids.

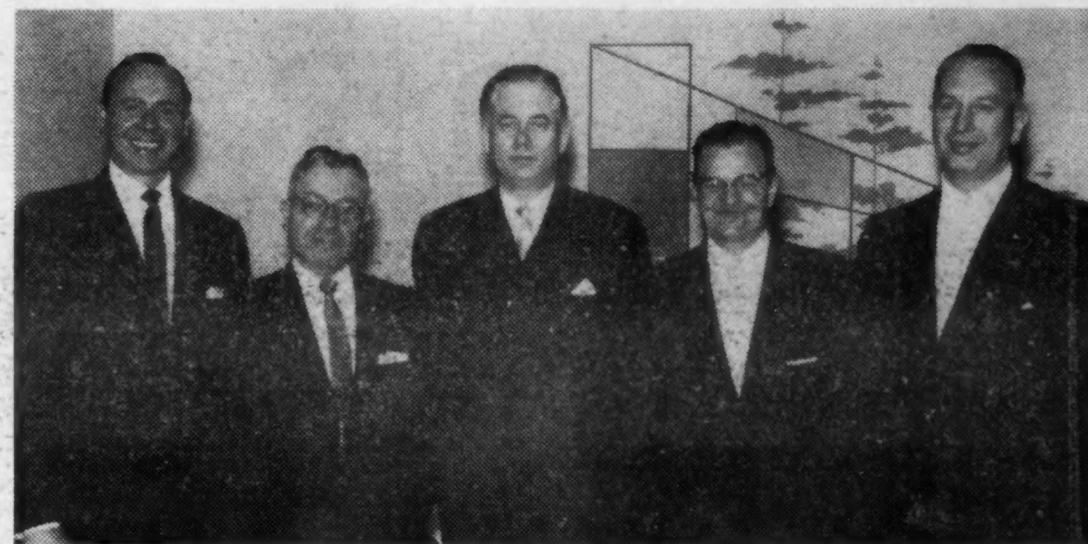
M. A. Sedgwick Joins Auchincloss, Parker

NEW CANAAN, Conn.—Malcolm A. Sedgwick, formerly financial Vice-President of The Home Insurance Company, has become associated with Auchincloss, Parker & Redpath, 23 Cherry Street, and will direct operations of this office jointly with Frederick H. Clarkson.

New York Security Dealers Association

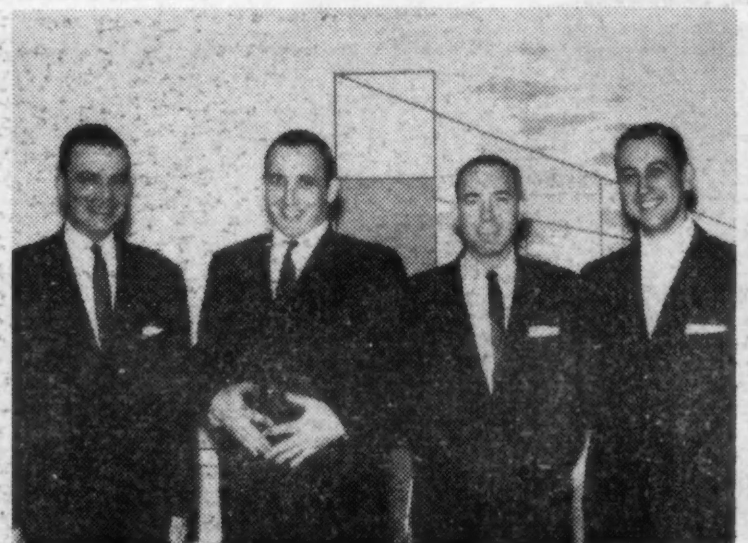


Samuel Weinberg, *S. Weinberg, Grossman & Co., Inc., President of New York Security Dealers Association;* Paul Windels, Jr., *Regional Administrator, Securities & Exchange Commission;* S. Truman Bidwell, *Vice-Chairman, New York Stock Exchange;* Frank Dunne, *Dunne & Co.*



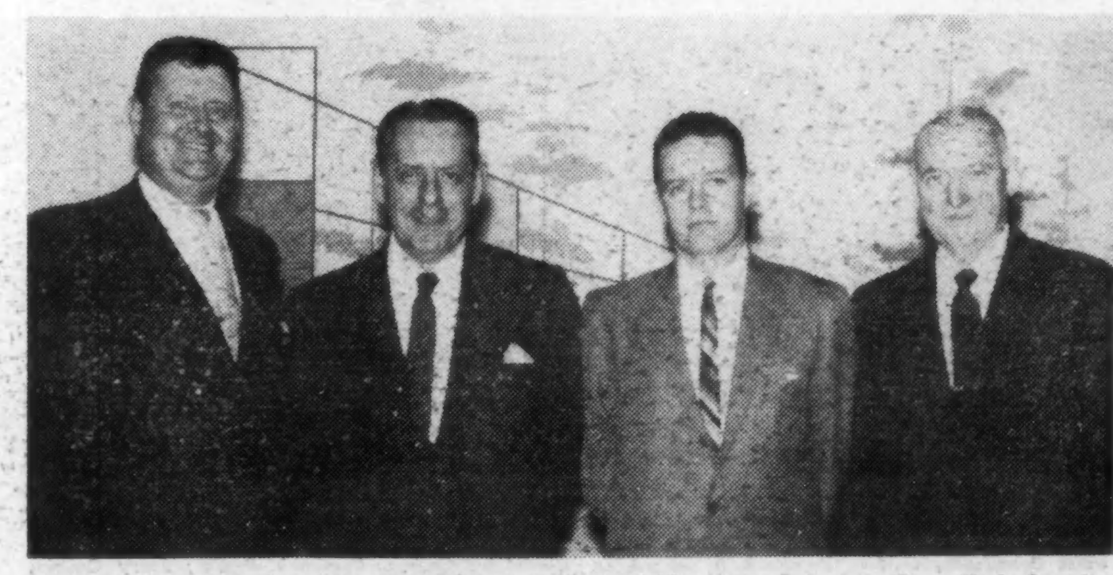
Robert M. Topol, *Greene and Company;* Joe Rinaldi, *H. D. Knox & Co., Inc.,* Boston; Hanns E. Kuehner, *Laird, Bissell & Meeds;* Edward W. Schaefer, *H. D. Knox & Co., Inc.,* New York; Anton Spacek, *H. D. Knox & Co., Inc.,* New York

Eugene G. Statter, *Mabon & Co.,* being presented with a cup for meritorious service as President 1954-1959 by Frank Dunne, *Dunne & Co.*

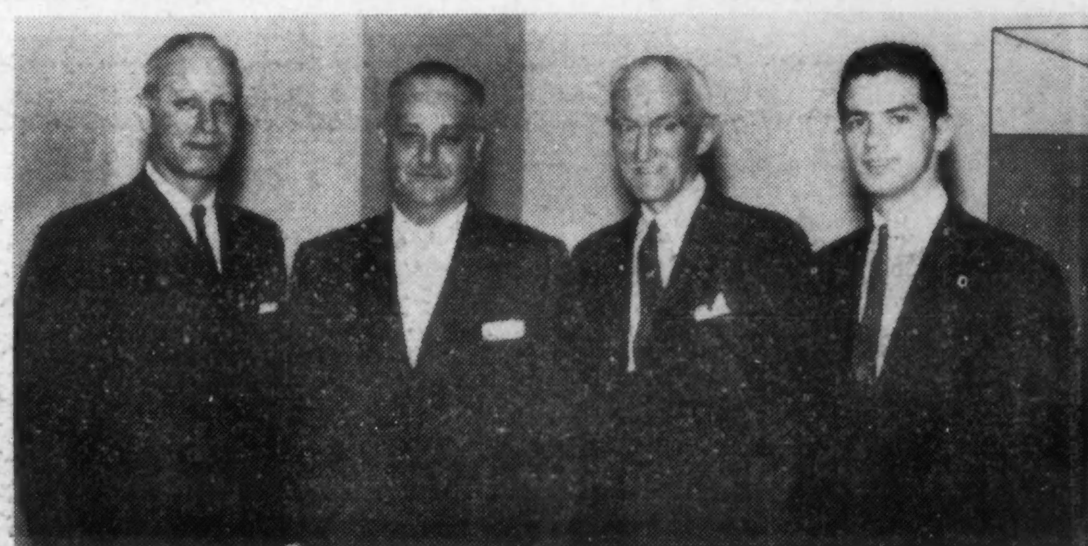


Joe Cowden, *National Association of Securities Dealers;* Lee Balter, *Troster, Singer & Co.;* Ed Newton, *National Association of Securities Dealers,* New Orleans; Irv Hodies, *Searight, Ahalt & O'Connor, Inc.,* New York

Bob Mackie, *Singer, Bean & Mackie, Inc.:* Micky Pauley, *Troster, Singer & Co.;* Arthur Weigner, *Lehman Brothers;* Jules Bean, *Singer, Bean & Mackie, Inc.*



Martin J. Cunnane, *Coca-Cola Co.;* Edward J. Enright, Executive Secretary, *New York Security Dealers Association;* John F. Bills, guest; James R. Dougherty, *Radio Corporation of America*



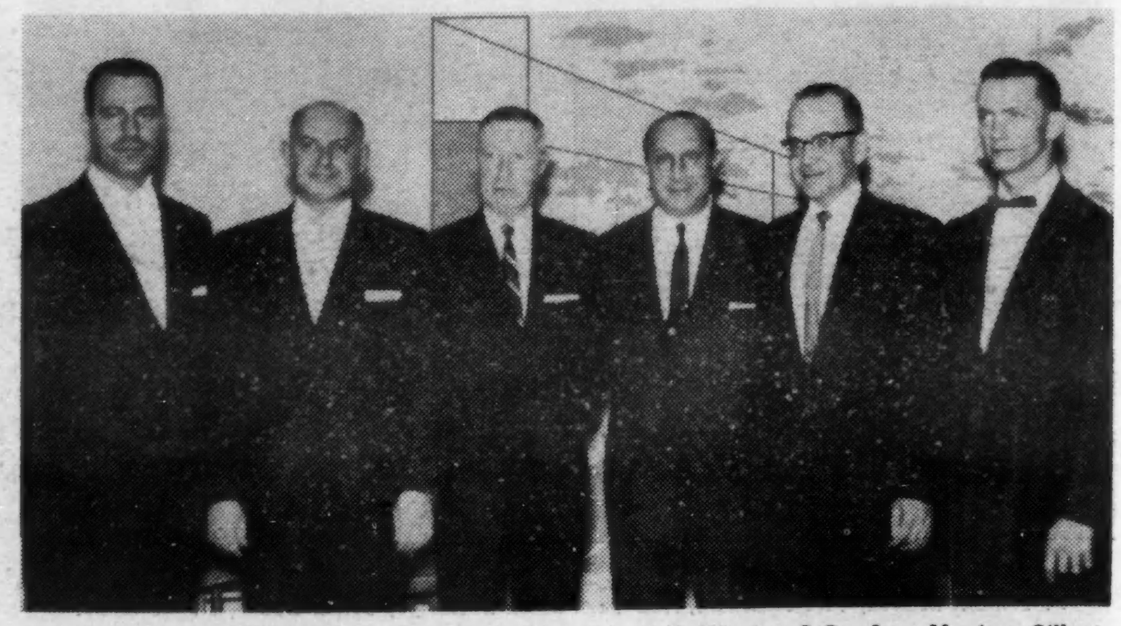
Murray W. Stillman, *Abraham & Co.;* Julius Golden, *Greene and Company;* "Duke" Hunter, *Wellington Hunter Associates,* Jersey City, N. J.; Michael Ensenat, *Greene and Company*

Ralph De Pasquale, Anthony Bigone, Albert Port, John Anton, and Alvin D. Stone, Jr., all of *General Investing Corp.*

Harry R. Amott, *Amott, Baker & Co., Incorporated;* Frank Dunne, Jr., *Merrill Lynch, Pierce, Fenner & Smith, Incorporated;* Robert Farrell, *Laird, Bissell & Meeds;* Edward Amendola, *Bache & Co.*

34th Annual Dinner

Ira U. Cobleigh, *Enterprise Economist;* Walter Filkins, *Troster, Singer & Co.;* Fred Kunzinger, *Harris, Upham & Co.;* Charles Offerman, *Troster, Singer & Co.;* Phil Dempsey, *Harris, Upham & Co.;* Stephen Gucwa, *Merrill Lynch, Pierce, Fenner & Smith, Incorporated*



Joel Winston, *J. A. Winston & Co., Inc.;* Irving Bernstein, *J. A. Winston & Co., Inc.;* Morrison Gilbert, *J. A. Winston & Co., Inc.;* S. B. Cantor, *S. B. Cantor Co.;* Howard Emen, *National Association of Securities Dealers;* K. Bates Uttrich, *First Albany Corporation,* Albany, N. Y.

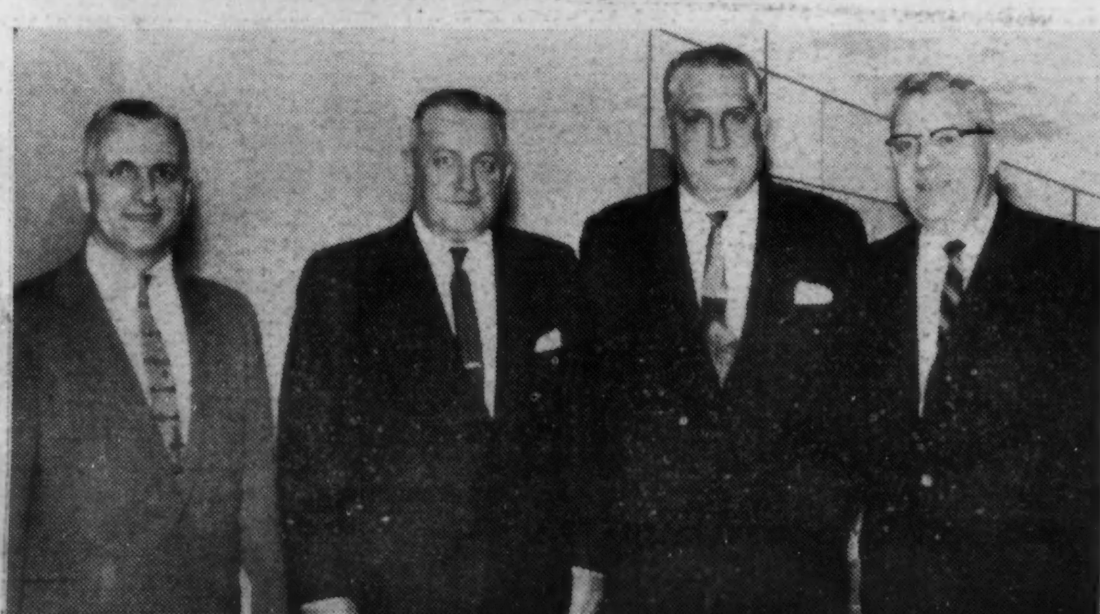
Saul Golkin, *Golkin, Bomback & Co.;* George Golkin, *Golkin, Bomback & Co.*

Irving Abelow, *Mitchell & Company;* Jack Germain, *Carl M. Loeb, Rhoades & Co.*

Charles Bruggeman, *Dean Witter & Co.;* Jack Jensen, *Eaton & Howard, Inc.,* Boston

Nathan A. Krumholz, *Ogden, Wechsler & Krumholz;* Robert J. McConkey, *Great West Life Assurance Co.,* Winnipeg, Canada; Michael Schneider, *Burnham and Company;* Theodore Schneider, *Burnham and Company;* Tom Davis, *Registrar & Transfer Co.*

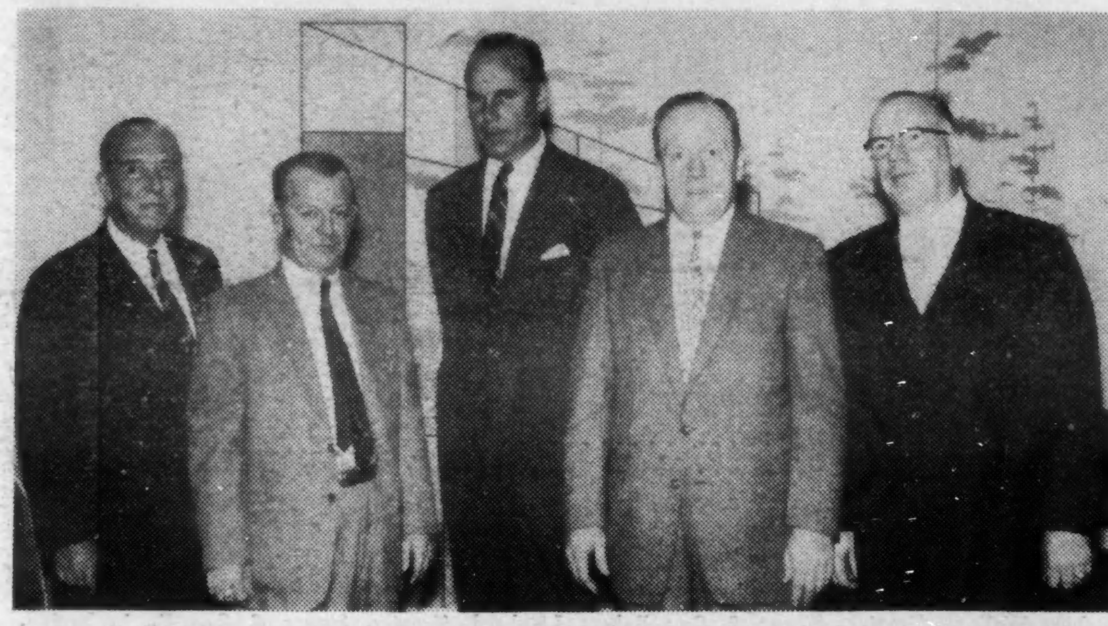
Mike Osheowitz, *Golkin, Bomback & Co.;* Alan Weinstein, *Golkin, Bomback & Co.;* Jerry Golkin, *Carlisle & Jacquelin;* Malcolm Chodes, *Golkin, Bomback & Co.;* Murray Forman, *Golkin, Bomback & Co.*



Nicholas Baldino, Bernard O'Connor, John E. Buell, and William J. Miller, all of *Registrar & Transfer Co.*

Louis Walker, *National Quotation Bureau;* Sidney Jacobs, *Sidney Jacobs Co.;* Tom Brown, *Laird, Bissell & Meeds;* Terry Baker, *Laird, Bissell & Meeds*

At the Biltmore Hotel



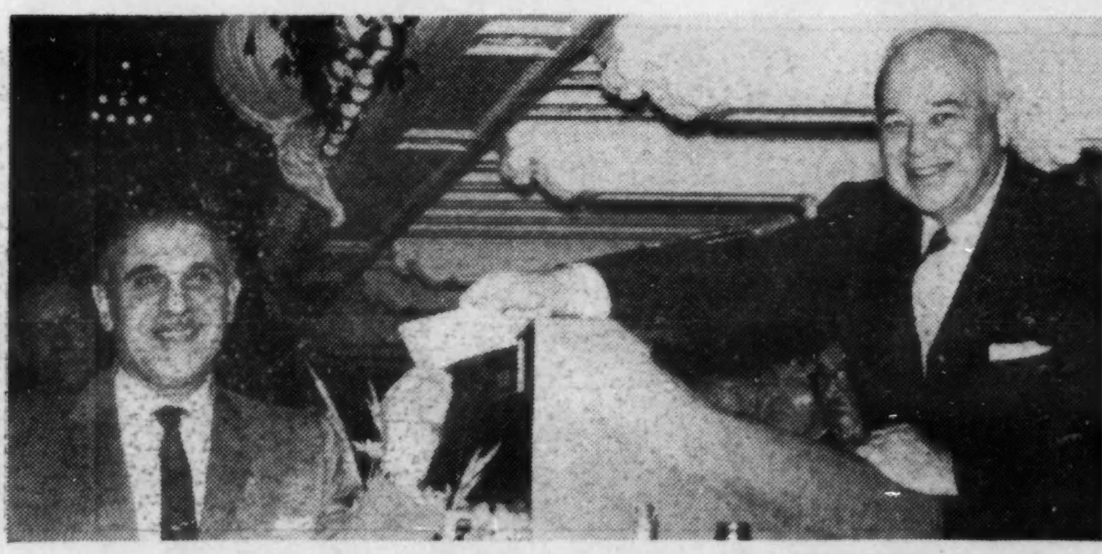
Arthur G. Bisgood, *Registrar & Transfer Co.;* Harold Swarthout, *Swarthout & Kemmerer, Inc.;* Freston Cullen, *Swarthout & Kemmerer, Inc.;* Stuart Wixson, *Hodson & Company, Inc.;* George Springer, *Hodson & Company, Inc.*

Maurice Hart, *New York Hanseatic Corporation;* Phil Carret, *Chace, Whiteside & Winslow, Inc.;* Tom G. Meeker, *General Counsel, Securities & Exchange Commission;* Edward T. McCormick, *President of American Stock Exchange;* John R. Dunne, *Guest*

Larry Lyons, A. A. Geller, and Walter O'Hara, all of *Allen & Company*

Robert N. Kullman, *John J. O'Kane, Jr. & Co.;* Charles Weil, *Joseph Walker & Sons;* Joe Shiels, *Greene and Company*

Edwin L. Beck, *Commercial & Financial Chronicle;* Robert C. Otto, *Associate Attorney, New York State Banking Dept.*



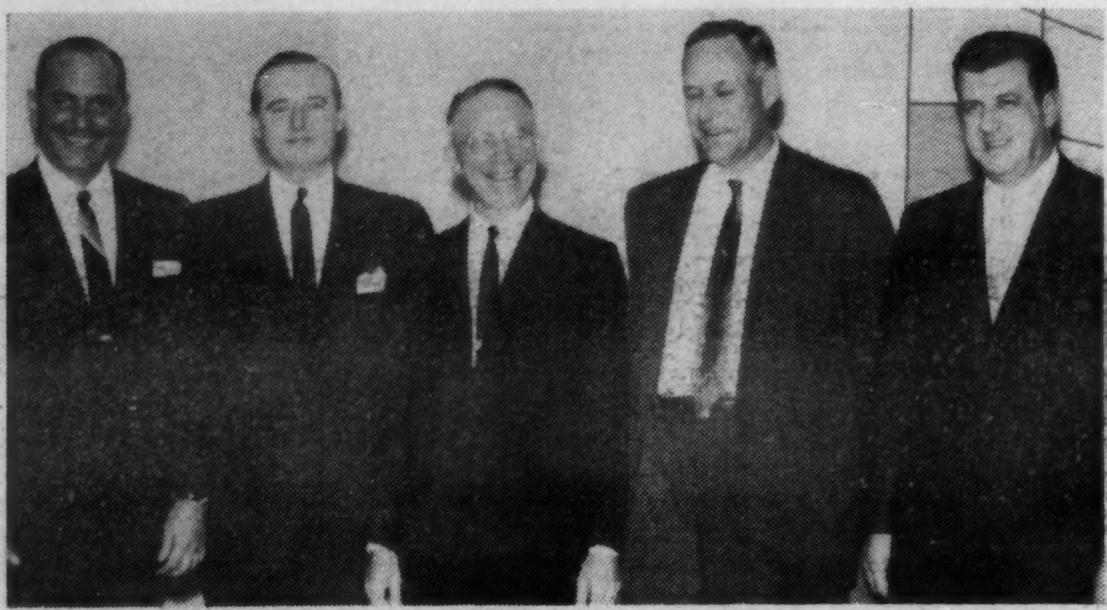
Ralph Tager, *Tager Company,* receiving prize from David Morris, *David Morris & Co.*

Bill McGivney, *Hirsch & Co.;* Connie Sheridan, Irving Abelow, and Herbert B. Abelow, all of *Mitchell & Company*

David Morris, *David Morris & Co.;* William C. Schmidt, *Chase Manhattan Bank;* George J. Varley, *Chase Manhattan Bank;* Kenneth J. Sickler, *Chase Manhattan Bank;* Elbridge H. Smith, *Stryker & Brown*

David Morris, *David Morris & Co.;* William D. Moran, *Assistant Regional Administrator, Securities & Exchange Commission;* Edward C. Gray, *Vice-President, New York Stock Exchange;* Rubin Hardy, *First Boston Corporation, Philadelphia, President of Investment Traders Association of Philadelphia*

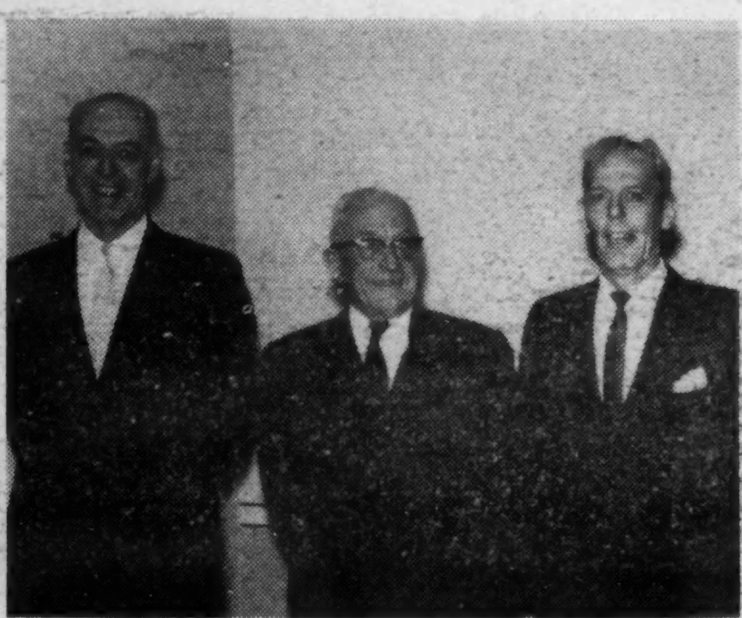
April 8, 1960



Edward Scheen, Jr., *Associate Regional Administrator, Securities & Exchange Commission;* R. Michael Dunne, guest; George A. Searight, *Searight, Ahalt & O'Connor, Inc.;* Louis Farrell, guest; Carl Benson, *C. A. Benson & Co., Inc.*, Pittsburgh, Pa.

Robert Wallace, *Troster, Singer & Co.;* Robert Lienhard, *Troster, Singer & Co.;* C. A. Levine, *Searight, Ahalt & O'Connor, Inc.*, Washington, D. C.; Louis Volkomer, *Robert A. Martin Associates, Inc.;* Ernest Lienhard, *Troster, Singer & Co.*

Harold C. Shore, *Harold C. Shore & Co.;* Lewis Arnold



John J. Kelly, *National Association of Securities Dealers;* Wilfred Day, *Chas. A. Day & Co., Inc.*, Boston; Bert Pike, *Troster, Singer & Co.*

Herbert Singer, *Singer, Bean & Mackie, Inc.;* Eliot Steuer, guest

George Rieber, *National Association of Securities Dealers;* Eugene G. Statter, *Mabon & Co.;* Joseph F. Reilly, *Chairman, American Stock Exchange;* Jack Barker, *Lee Higginson Corporation, Vice-President of Security Traders Association of New York*

Col. Oliver J. Troster, *Troster, Singer & Co.;* Gene Flach, *Sunshine Biscuit Co.;* Philip A. Loomis, *Securities & Exchange Commission*, Washington, D. C.; Carl Madonick, *Assistant Attorney General*, New York State

Aaron Netburn, Frank J. Ronan, Theodore R. Young, Hans E. Ben, and John D. Ohlandt, Jr., all of *New York Hanseatic Corporation*

Ted London, *Englander & Co., Inc.;* Marvin Danielson, *Gude, Winmill & Co.;* Fritz (Red) Johnson, *Golkin, Bomback & Co.;* Norris Rosenbaum, *Englander & Co., Inc.*

AS WE SEE IT *Continued from page 1*

the past proved to have meanings quite different from what one would normally expect—have an encouraging ring. "Over the years the core of Republican purpose has been to exalt individual opportunity and human dignity and to enthrone freedom," he assured his listeners. He also told them that "we stand squarely with Lincoln in the conviction that Government should undertake only that which the citizen cannot do properly for himself—that Government should lend a helping hand but never a heavy handout." He also took advantage of the occasion to heap rather well warranted scorn upon some of his detractors and political opponents in and out of Congress, saying that "some opponents apparently feel there is no problem that cannot be solved by a subsidy — that all social and economic difficulties can be speedily resolved by tapping the Treasury."

Now let it be frankly and warmly affirmed that the Eisenhower Administration succeeded in establishing a more friendly atmosphere in Washington toward business enterprise of all sorts. It was in this respect in sharp contrast to immediately preceding administrations which more often than not appeared to do whatever they could to hamper and discourage business. Let it, moreover, be said that in recent months the President has again and again placed himself on record as insisting upon greater moderation in the paying out of taxpayers' money for this, that and the other semi-socialistic purposes. He has stood staunchly by his guns in opposing the more extreme of the spenders among both Democrats and Republicans. For all this we gladly give him full credit.

But after all, when the facts are studied we find that all that he has done and all that he proposes—so far as he has committed himself—is to avoid the extremes of the followers of Roosevelt and his imitators. He inveighs against "tapping the Treasury" and the solution of problems by the grant of subsidy, but in January of this year he estimated Federal outlays for largesse to the farmers of the country during the current fiscal year at over $5 billion, and his estimate for the forthcoming fiscal year rises to over $5.6 billion. During most of the years he has been in office the figure has been over four billion, most of it devoted to the stabilization of farm prices and farm income. During the fiscal year 1952, the last full period before President Eisenhower took office, the Treasury was called upon for only slightly more than one billion, and in fiscal 1953, one-half of which fell in the Truman Administration, the figure was less than three billion.

Moneys laid out for "labor and welfare" have been on the rise, too. They approached $4.5 billion in fiscal 1959, are expected to be approximately the same during the current fiscal year and to rise above the $4.5 billion mark in fiscal 1961. They were running at something over two billion a year during the latter Truman years. The story is similar when we come to the claims of the Veterans upon the Treasury. They have been running at better than five billion for a couple of years, and are expected to do so again during the current fiscal year, and to rise appreciably in fiscal 1961.

During the first two or three years that President Eisenhower was in office he succeeded in some reduction of budget outlays, but since that time the total has been consistently running ahead of the aggregates before he took office, and if estimates for fiscal 1961 may be taken as a guide, the struggle for great fiscal restraint has been all but abandoned. In more recent political polemics emphasis has shifted from reduced Federal spending to "balanced budgets." Of course, if all items and considerations are taken fully into account we have no prospect of a really balanced budget, except in a purely technical sense. And such balances as may be in prospect will without doubt and without denial be a result not of more modest outlays — as one would expect from the recent generalizations of the President—but rather of larger tax collections. This latter result, unfortunately, flows from the large proportion of progressive income taxes levied on individuals, one of the heaviest hands now laid on enterprise and individual initiative.

Nor has there been any major retreat from the vast programs of a semi-socialistic nature begun by the New Deal and nourished faithfully by the Fair Deal. We still have the enormous numbers of people drawing salaries from the Treasury for the performance of work which we should all be much better off for having left undone. Many so-called "agencies" are still flourishing as from the first, and so it could be said of a host of other bureaus—or additions to bureaus or offices in the Federal Government. There was a big effort early in the Eisenhower Administration to revise and improve our repressive system of income taxation. Nothing has been accomplished to date.

We have yet to make a real beginning in returning to true American tradition, or Republican tradition for that matter!

The Security I Like Best . . .

Continued from page 2

panies as Revlon or Avon Products. In the beauty service field, it is at first the teen-ager who is attracted, drawn by the allure of exhibiting her youthful glamour. Later on, when she is married and grows older, she returns once more (and again and again) to retain the charms that mean so much to her. The company caters to her every wish: expert consultants advise on how to provide the customers with fashionable hair styling. Schools in hair coloring and advanced beautician service are maintained in New York. The prestige-laden name of "Antoine" is used by Seligman & Latz in 73 of its salons.

Whereas this company had but 134 salons in operation at the close of 1948, the number is now 260 and rising steadily. There have been 110 openings in the past six years alone. Many of these have been in the huge new shopping centers, located in America's fast growing suburbs. An unusual point, which sharply differentiates this operation from the ordinary retail enterprise, is the close personal relationship between the majority of regular customers and specific hair dressers or stylists.

The following is a brief six-year financial history of the company:

	Net Sales	Op Profit Mgn.	Net Profits	Per Share of Common*
1954	$26,568,468	7.1%	$1,144,105	$1.44
1955	27,715,860	5.8	980,697	1.23
1956	29,591,126	5.1	973,997	1.22
1957	31,280,146	4.8	994,376	1.24
1958	32,431,995	4.4	949,848	1.18
1959	35,621,974	5.3	1,276,504	1.62

*Pro-forma based on 750,000 shares currently outstanding.

Though sales have grown without pause, profits in recent years have been penalized by the plethora of continuous new openings, for as everyone knows, new shopping centers do not become profitable until a year or more after inception.

Regardless of this, future recourse to outside financing seems unlikely. Since all salons are leased, Seligman & Latz needs little in the way of capital expenditures. At the end of 1959 fiscal year (Oct. 31), working capital was $5.1 million. Cash and government securities alone equalled $6.5 million, 1½ times total liabilities. The current ratio was better than 3 to 1. Equity capital now consists of a small preferred issue ($1.5 mill.), 467,500 shares of Class B stock and 282,500 shares of common. The class B shares (equal to common in all respects save dividends) are held by management, which allows itself payments at the rate of only one-third that declared on the common. In this way, Seligman & Latz secures the benefit of a big plowback of earnings while maintaining the generous dividend for public shareholders more desirous of current income.

Look ahead a few years. Here we have a company which in 1959 earned more than 20% on its common equity. More than 70% of dollar earnings are plowed back each year. Seligman & Latz has probably $3 million in excess cash which will someday be put to good use. Even at the present rate of growth, it is easy to foresee sales of $50 million or so in 3 or 4 years, while a return to a profit margin of only 7% would indicate earnings of $2.50-$2.75 a share. Add then the profits from possible acquisitions and it is easy to envision Seligman & Latz shares selling far above their modest current level. Particularly in this high and vulnerable market, this stock appears to represent extraordinary value.

Seligman & Latz's common shares are traded in the Over-the-Counter market around 14 yielding 5.7%. Stock ranged from 16 high to 13 low from Nov. 30, 1959 (date of original issuance) to date.

Commonwealth Insured Inv. Plan

A new life-insured systematic investing plan for the purchase of shares of Commonwealth Investment Company, Commonwealth Stock Fund and Commonwealth Income Fund has been announced by North American Securities Company, investment manager and general distributor of the Commonwealth Group of Mutual Funds.

The new SIP-LI Plan (Systematic Investing Plan—with Life Insurance) assures the completion of a person's investment program by insuring his life for the unpaid balance of his program.

A planholder has a 31-day grace period from the date the payment is due. If the payment is not made within that time, the insurance lapses. If it is not reinstated within one year, the Plan automatically becomes a Commonwealth Systematic Investing Plan, without life insurance.

The Plan initially is being offered in the States of New York, New Jersey and Washington.

Named Director

James Hodes, a general partner of Hardy & Co., members of the New York Stock Exchange, has been elected to the Board of Directors of Gladstron Boat Company.

Fidelity Inv. Corp.

PHOENIX, Ariz.—Fidelity Investment Corp. has been formed with offices at 3500 North Central Ave. Bert Cavanagh is a principal of the firm.

MUTUAL FUNDS

BY ROBERT E. RICH

Yesterday, Today and Tomorrow

It is no secret that the leaders of the life insurance field are at odds in the matter of common-stock investments. Thus, the chief of America's largest "life" company will argue forcibly that common stocks must be only a most negligible part of the firm's portfolio—and even then, the bulk of the investment must be in an issue such as American Telephone & Telegraph. A runner-up company will take the view that variable annuities, built on stock portfolios, are the only adequate answer to the menace of inflation. Comes now the country's third largest company of its kind—the Equitable Life Assurance Society of the United States—to disclose that it has begun buying common stocks at the rate of about $40,000,000 a year and that it may continue buying at this pace for a decade. Until recently, this company counted precious few equity issues in its $600,000,000 portfolio. Wall Streeters would give a pretty penny to know its plans. They know but tardily, that the mutual funds in recent months have been cool to oils, steels, aluminum issues, airlines and aircraft. And they also know, long after the events, that managers of portfolios have shown a growing interest in utilities, automobiles (General Motors and Ford), chemicals, banks and building products.

Since Equitable Life is talking in terms of a decade, the survey of the past decade on investment tastes, undertaken by the National Association of Investment Companies, is most interesting. This study shows that oils, financial institutions (banks and insurance firms) and utilities have held top positions in the portfolios of mutual funds during the past decade. The analysis is based on reports of 20 member companies which represent 67% of the total assets of member open-end companies at the close of 1959.

The 10 industries whose common stocks were leading fund holdings were:

Oil, 11.8% of total value of common stockholdings; financial 10.9%; utilities, including telephone companies, 10.3%; steel, 6.9%; chemicals, 6.2%; non-ferrous metals and mining, 4.3%; automobile and accessories, 3.9%; railroads, 3.9%; drugs, 3.7%, and electrical equipment, 3.5%.

All these industries have appeared in the list of 10 largest combined holdings at the end of at least one previous year in the last decade with the exceptions of the electrical equippers, which appear for the first time in the latest compilation.

Changes in value of holdings result from numerous factors. They reflect not alone decisions to buy and sell various stocks, but also the ups and downs of stock prices. A percentage rise or decline of an industry holding can be caused by stock prices in the industry moving faster or slower than prices in general.

The five leading industries—oil, financial, utilities, steel and chemicals—have held their same position since 1957 although the percentages have varied. In the 1949-59 period under study, the common stocks of the oil industry represented the largest combined holding at each year-end with the exception 1953. In that year the oils wound up second, topped by steels. You may recall that the steels in 1953 were on the bargain counter.

Utility common stocks have been third or higher in each of the years studied.

It also is interesting to note that the oils constituted over 17% of the holdings of these funds in 1951. The 11.8% figure at the close of 1959 was the lowest ratio in these common stock portfolios but, as previously noted, ups and downs (here it is the latter) are a factor to be considered along with portfolio shifts. The second-ranking group, largely bank and insurance stocks, is less volatile, of course, as far as price movement is concerned. The ratio here has risen from a low of 5.7% in 1950 to a new high of nearly 11% at the end of last year.

This study, of course, deals with whole industries—no less than 27 groups came under survey. Funds, like insurance companies and individuals, don't buy industries—they buy stocks. Thus, an Amerada may be sold while a Standard Oil (Indiana) may be bought. Or a Kennecott may be a sale while an Anaconda is a buy.

The fact remains that a Standard of Jersey continues, as it has for years, to be the most favored stock of institutional purchasers (insurance companies included here), although its market performance for several years now has been extremely poor. Nor has the No. 2 stock (up from third place a year ago) been a ball of fire—General Motors. Most impressive has been the rise—in marketplace and in institutional portfolios—of International Business Machines. It was 28th two years; now is 14th. Also impressive on both counts is Westinghouse Electric, which has come from 27th to 18th in a two-year span. This is the company that a few years ago was called "the ailing giant."

Plainly, then, as the money managers at Equitable Life certainly appreciate, changes in the past decade have been substantial. They promise to be far more substantial in the decade ahead, during which the company expects to be investing nearly a half billion dollars.

The Funds Report

A total net asset value of $290,371,216, equal to $26.53 per share, at March 31, was announced in the three-month report of **Lehman Corporation.** This compared with assets of $229,045,579 or $28.07 per share at Dec. 31, 1959.

The capital gain dividend of $1.34 per share from gains realized during the year 1959 was distributed to stockholders during the quarter. Of the $14,275,221 total dividend, 57½%, or $8,212,730, was paid by the issuance of 292,268 shares of capital stock of the corporation. The balance of $6,062,491 was paid in cash. The report disclosed that the corporation purchased common stocks on balance during the quarter. The cost of stocks purchased amounted to $5,436,944 and proceeds from stocks sold amounted to $2,519,660.

Common stocks comprised 95.6% of total net assets at March 31, 1960. Investments in the public utility industry amounted to 15.9% of net assets, the largest single category of common stock investments. Other large common stock investments were oil & gas 14.8%, chemicals 9.5%, metal & mining 8.5% and electronics and electrical equipment 8.3%. Among the purchases were 25,000 shares of Swift & Co., 25,000 shares of Aluminium Ltd., 10,000 shares of Indiana General Corporation, 5,000 shares of Hercules Powder, 5,000 shares of Potlach Forests and 5,000 shares of Moore Corporation, Ltd. Sales included 8,000 shares of Standard Oil (New Jersey), 2,700 shares of Texaco and 2,218 shares of American Telephone & Telegraph.

* * *

Abacus Fund, a closed-end investment company, had total net assets of $36,290,566 equal to $42.41 per share on March 31, compared with $37,016,012 or $43.25 per share on Dec. 31, 1959 and $36,821,049 or $43.03 per share on March 31, 1959, William K. Jacobs, Jr., president, announced. The decrease since the end of 1959 is equal to 1.9%.

* * *

The **Energy Fund** announced total net assets have just passed the $10 million mark. It said the milestone was reached at the close of business on April 4 when the tabulation showed total net assets were $10,103,597. "In less than four and a half years, the fund has grown from approximately $950,000 to $10 million," it stated. Per share net asset value during this period has risen 95% from $12 to $23.39 (including capital gain distributions of $2.45).

* * *

Delaware Fund's gross sales totaled $6,987,463 in the first three months of 1960 to set a new first quarter record, reports W. Linton Nelson, President of Delaware Management Co., Inc., investment adviser and national distributor for Delaware Fund and Delaware Income Fund. The $2,589,013 increase, he said, represents a 59% gain over sales amounting to $4,398,450 in the same period last year. The fund also recorded the best March in its 23-year history with gross sales totaling $1,916,785—46% ahead of those of $1,313,066 in March, 1959. Nelson also reports Delaware Income Fund's sales running at record levels. In the first four months of its fiscal year which begins Dec. 1, they amounted to $1,161,031—up 176% over gross sales totaling $420,516 for the corresponding 1959 period.

* * *

United Funds, Inc. declared a dividend of five cents a share from net investment income on United Continental Fund shares. A distribution of two cents a share from securities profits was also declared. The dividend and distribution are payable April 29 to shareholders of record April 14.

* * *

Mutual Trust of Kansas City reports that during the past quarter it increased holdings of American Can, Bell & Howell, Champion Spark Plug, Columbia Broadcasting System, Fruehauf Trailer, Great Northern Railway, Marine Midland, Minneapolis-Honeywell Regulator and Pittston Co. During the period Mutual Trust deceased holdings of American Machine & Foundry, American Telephone & Telegraph, City Stores, Ford Motor Co., Pullman, Inc. and Westinghouse Electric. It eliminated U. S. Treasury bills due Dec. 10, 1959, and Feb. 4, 1960. New commitments included Treasury bills due last month and next month, Boeing Airplane and International Telephone & Telegraph.

* * *

The highest first-quarter volume in its history—$42,112,000—was reported by **Investors Planning Corp. of America,** a mutual fund sales organization. "Our first-quarter sales figures, combined with others now being reported throughout our industry, prove once again that declining stock prices rarely affect mutual fund share purchases," said Walter Benedick, president. He disclosed that the firm's first-period business was 32.9% higher than the $31,703,000 total of the like 1959 quarter. Last year's fourth-quarter volume, an all-time record, amounted to $44,726,000. Last month's business written—$12,809,000—constituted a new March high for I.P.C., bettering the March 1959, total of $11,871,000. January and February sales also achieved new highs.

* * *

General American Investors Co., Inc. reports that at March 31 net assets were $52,661,997, a decline of $7,187,947 for the three months. Net assets, after deducting $4,252,000 preferred stock, were equal to $26.62 per share of common stock on the 1,818,147 shares outstanding. This compares with $30.52 on Dec. 31, 1959. Net profit from sale of securities for the three months was $40,965. Net income from dividends and interest for the period, after expenses and state and municipal taxes, was $246,540. Major portfolio changes during the latest quarter included purchases of 2,000 shares of International Nickel Co. of Canada, Ltd. and 3,000 shares of Wyandotte Chemicals Corp. It sold 6,500 shares of American Natural Gas Co.

* * *

Canada General Fund reports the Feb. 29 quarter and net asset value of the shares was $13.10 against $14 at Nov. 30, 1959. Total net assets fell to $81,076,801, compared with $89,068,308 at Nov. 30.

* * *

Adams Express Co. reports that at March 31 net assets totaled $90,728,452, equal to $27.91 a share. This compares with $98,764,422 and $31.12 a share a year earlier. Share total increased in 1960 to 3,250,048 from 3,172,752 on March 31, 1959. The per share figure for 1960 is after deducting $1.35 capital gain dividend paid last December.

* * *

American International Corp. reports net assets at March 31 amounted to $38,501,367, equal to $16.32 on each of the 2,357,993 shares outstanding. This compares with $41,196,275 and $18.31 a share on the 2,249,380 shares outstanding a year ago.

* * *

Petroleum Corp. of America reports net assets at the end of March were $30,984,992, equal to $15.09 a share, against $37,950,001, or $19.26 a share a year earlier. Capital shares at latest report totaled 2,053,143, up from 1,970,400 a year ago.

American Life Fund Issue Withdrawn

Regarding the proposed issue of 1,250,000 shares of capital stock of American Life Fund Inc., the fund and The First Boston Corporation announce that the interest of securities dealers and investors, while substantial, has been insufficient to warrant bringing the contemplated issue to market. To offer a reduced number of shares would be contrary to the original conception of this undertaking. Accordingly, the issue is to be withdrawn from registration.

M. H. Bishop Branch

BISMARCK, N. D.—M. H. Bishop & Co. has opened a branch office at 117½ Fifth St. North under the management of Fred Hettick. Mr. Hettick was formerly active as an individual dealer in Bismarck.

The Coming Bull Market In Insurance Stocks

Continued from page 3

and sustained or extremely fast such as during the last great cycle 1946-49. The betterment came so quickly that the cycle, from low to high point, endured only four years—although there was profitable underwriting generally for the next several years. Since the underwriting turn this time came only in the second half of 1958, on any historical precedent the underwriting improvement would have nearly 2-3 years left to run. Without going overly into detail, the underwriting improvement is traditionally brought about because of higher rates, more selective underwriting and (particularly this time) lower costs, all three of which serve to widen the profit margin. There is a time lag, of course, because of the duration of insurance policies, one to five years, so that improvement in rates, more selective underwriting practices or lower costs are by no means felt immediately. This lag has always caused discouragement in the past but has always created the opportunity for the patient. Once "in gear," the underwriting improvement has tended to run its course.

(4) The technical position of insurance stocks is strong. Many are selling below their peaks reached in August, 1954, nearly five and a half years ago. Most are selling below their prices of January a year ago, before the cold winter set in. Discouragement has dogged the holders of insurance stocks. In account after account have they been "cleaned out" in face of their lack lustre performance. Five and a half years is a long, long time. The "coup de grace" occurred just a year ago after the underwriting cycle turned for the better in the second half of 1958. Insurance stocks rose with the better underwriting figures. Then, just a year ago, came the most severe winter in 50 years, bringing in its train heavy fire losses and dangerous driving conditions. The underwriting figures in the first quarter of 1959 reversed themselves and were the worst in the entire history of American insurance, barring catastrophe. Insurance stocks fell heavily and completely lost favor during the bull market of 1959. Their holders suffered from a psychological malaise and even their friends talked of them in terms generally reserved for the dearly departed. It was almost "alas poor Yorick, I knew him well!" It is out of such depressed market conditions that worthwhile bull markets generally spring.

(5) The climate seems right, business - wise and investment-wise. Was it not Per Jacobssen, head of the International Monetary Fund, who said that we have passed the peak of the worldwide inflation? Has he not recently stated that "it would be very difficult to revive the inflation in the U. S. under present conditions." Is not the general market proclaiming the end of inflation, at least for the near or intermediate term future? Are there not powerful economic and financial reasons, such as foreign imports and our gold supply, that make further inflation now less probable than for many years? An end of the inflation would be helpful to insurance companies who are, in a sense, "short" the goods and services market because of their settlement of claims. A little deflation would be positively beneficial not only in settling current claims, for which premiums have already been received, but in disposing of past claims for which loss reserves have already been set up. In this instance the loss reserves, or short position which the fire and casualty companies have established in the goods and services market, would pay off!

From investor's standpoint insurance stocks have a current appeal for the reasons cited above. In a market which may have reached its peak for several years, the prospect of buying into a group which has been in a 5½ year bear market but whose figures are now improving and whose dividends will be increased, should appear alluring. And since stocks, like other commodities, move according to the laws of supply and demand—it would appear that the forces of demand could be greatly augmented while the supply is being contracted—and contracted because insurance stocks should now be in strong and knowledgeable hands, unlikely to sell on the first rally. And when greatly augmented demand hits diminished supply there can only be one answer—sharply higher prices.

Answer the Skeptics

Unless — and now let us allow the skeptics to speak their piece.

(1) Can the improvement in underwriting be guaranteed? The answer, unfortunately, is no. Insurance stocks are to a certain extent "weather" stocks. Who could foretell, for example, that last winter would have been the worst in 50 years? Who can foresee a great catastrophe? The point is, however, that the abnormal weather conditions or catastrophes can be taken in stride and that "the trend's the thing." The trend is definitely running favorably but of course might be interrupted. Such an interruption would be an opportunity for buying rather than selling.

(2) Have the fundamentals of insurance really improved, are the conditions which led to the mediocre underwriting performance during the past five years substantially better? This is the nub of the problem.

There are two facets: Inflation and direct writer competition. As for inflation insurance companies and the rating authorities are at last becoming educated to its perils. Admittedly this has taken time. But has it not taken time for the public generally, to say nothing of a good many professional investors? There is a constant campaign in fire to keep insurance up to current replacement values. Renewal notices sent out by the companies stress this fact and in many instances suggest higher values. More reliance is placed upon this method in fire than upon higher rates. In extended coverage (hurricane insurance) deductables of $50-100 have been adopted in many states so that in any catastrophe the companies are not as likely to be hit with a flood of small repair losses, costly to adjust. In automobile the principle of a trend factor in rate making has been introduced and accepted in practically every rating jurisdiction. Rates are set not just upon past experience but are adjusted according to the trend of loss cost settlements. There is actually no sound reason why insurance companies cannot learn to live with the inflation just as the automobile and steel and other manufacturing companies have learned to live with it. And it is possible that they may not have to live with it for a little time. It will not be the first time a door has been locked after the horse has been stolen!

Even more important than inflation, insurance companies are gradually adjusting themselves to new methods of distribution. Since the war Allstate and other direct writers have written an increasing share of the personal auto insurance market. True, most insurance companies would not have been able to write more automobile than they have been writing without unbalancing their underwriting books. Most insurance companies do not wish to have too much auto business, they prefer a balance of all. For that reason many insurance executives have been slower to change their operating methods than one might have imagined. But the Big Change is now at hand.

New Flexibility in Insurance Pricing

Last spring the almost monolithic Travelers resigned from the National Bureau of Casualty Underwriters, for seven mid-western states, practically equivalent to leaving the Church. Travelers did this to regain flexibility in rate making. Other companies have followed suit. The National Bureau has announced that any company was free to adopt its own rating methods as long as it forwarded statistics to the Bureau. Without going overly into detail, greater flexibility has come back into insurance pricing and that is highly important. Many new plans have been introduced to combat the methods of the direct writers. "Attack" is now the watchword in many companies rather than "meeting competition." The new plans—combining direct billing, cash on the barrel head, continuous policy and a reduced commission (often 15%)—have succeeded actually in taking business away from the direct writers. Why? Because the price differential has been narrowed to a point where personal solicitation — and service — more than counter balance it. Companies have also adopted a six months policy which makes changes in rates more sensitive to changing loss conditions. Fundamental changes are at last coming to auto insurance—and since auto premiums account for 40% of total fire - casualty volume, nothing could be more important.

"As Maine goes, so goes the Union" used to be the old saying. "As auto goes, so goes insurance underwriting" might well be said now. And with the fundamental changes that have been made during the past year, reduced acquisition costs, greater flexibility in pricing, new methods of doing business, possibility of less inflation, probable reduced repair costs for the smaller auto models, etc.—prospects for auto insurance have not been better for more than a decade.

The underwriting progress of the companies may not be a one way street during the next several years. There can be catastrophes. Some of the auto plans, granting heavy discounts to safe drivers etc., may prove to be actuarially unsound. Sufficient experience has not yet been accumulated. But constructive things are stirring in insurance managements and any momentary cessation of the underwriting improvement will only serve to prolong the cyclical upturn, in our opinion. At this stage of the game, priced as they are, fire and casualty stocks seem almost a "heads I win, tails you lose" proposition. It is hard in today's market to find values more attractive.

Ready to Catch Fire Again

For growth stocks, during the bull market of the past few years, life insurance shares have been acting like Rip Van Winkle. Since July 1955, with few exceptions, they have been slumbering. That is now four and three-quarter years. It is like June, 1933, in the greatest bear market of all time, starting in October, 1929. And 1933, members of the so-called Wall Street Quarter Century Club, will know, was a good time to buy stocks. The life companies are doing 50% more business than five years ago at substantially higher interest rates. We believe their stocks are ready to catch fire again. For the answer—why—let us examine why life stocks are where they are now. There are two reasons.

(1) Following the rapid advance of 1953-1955, life stocks clearly needed a market correction. Normally this market correction might have lasted a year or two and stocks would have been in a sound technical position once more. But the correction has lasted for 4¾ years with the result that life stocks would appear to be in as strong technical position as they were in the early 50's, before the public knew that life stocks existed. The reason: the spectre of greatly increased Federal taxes on life insurance companies arose. This new factor inhibited buying and caused selling and prolonged market correction until recently.

(2) It was very difficult to allay the fear of greatly increased Federal taxes. One could express an opinion—but it could not be factual until the event. There was also the fear latent in the investor's mind that life earnings could be cut in half by imposition of the full 52% corporate tax. The adoption of a "wait and see" attitude was natural and normal.

With the publication of the 1959 life company reports, starting several weeks ago, it has become apparent that the life companies have been able to take the 60% increase overall in Federal taxes in stride. The effect varies from company to company, of course. But on the whole the worst has been the loss of one year's normal gain in earnings; while a number of companies have taken the increase in taxes without losing earnings momentum at all. Even more important to investors should be the realization that the impact on earnings on the tax last year was its worst relatively. This is because many companies elected to change their reserve methods which resulted in a higher tax in 1959 but which will mean a lower tax in subsequent years. Furthermore there was insufficient time for companies to move their assets about in such a way as to take full advantage of the tax exemptions in the law such as acquiring tax exempts, preferred and common stocks. Even as late as December, during the annual meeting of the Life Insurance Association at the Waldorf in New York, it was apparent to the writer that the new tax law was not generally understood. But as the companies learn to live with the law and to take full advantage of its opportunities, the burden of taxes will come down. In addition, premium rates will be raised, just as other industries have advanced their selling prices to compensate for higher costs.

Life companies are the prime beneficiaries of higher interest rates. There is furthermore tremendous leverage in their operations. With some of our fast growing, institutional type growth stocks as Franklin and U. S. Life selling at only 20 times last year's earnings, with a stock such as Lincoln National selling at only 15 times, with many of the others available at 10-15 times earnings, and "all lines" Travelers and Aetna Life at 9-10 times estimated 1960 earnings, it can hardly be said that life stocks are overpriced. They should benefit from the booming families and from the higher interest rates in the years ahead. They would also be beneficiaries if inflation is at bay —at least for a while. An investment in life insurance is essentially one in protection plus an investment in bonds and mortgages. Unsettlement in the stock market and renewed uncertainty could lead to higher life sales.

The bull market in insurance stocks therefore should embrace all phases, fire, casualty and life. For the patient insurance shareholders, happy days should be here again!

*An address by Mr. Davis before Second Annual Investment Forum for New England Savings Banks, sponsored by Boston Safe Deposit & Trust Co., Boston, Mass.

Halsey, Stuart Heads Deb. Off'g

Halsey, Stuart & Co. Inc. is manager of an underwriting syndicate which offered on April 13 an issue of $40,000,000 The Mountain States Telephone and Telegraph Co. forty-year 5% debentures, due April 1, 2000, at 102.279% and accrued interest, to yield 4.87%. Award of the debentures was won by the underwriters at competitive sale on April 12 on a bid of 101.51%.

Net proceeds from the sale of the debentures will be used by the company to repay advances from the parent organization, American Telephone & Telegraph Co. These advances from the parent company are used for general corporate purposes, including extensions, additions and improvements to the company's telephone plant.

The debentures will be redeemable, on or after April 1, 1965, at optional redemption prices ranging from 105.27% to par, plus accrued interest.

The company is engaged in furnishing communication services, mainly local and toll telephone service, in Arizona, Colorado, Montana, New Mexico, Utah and Wyoming, in Idaho south of the Salmon River and in El Paso County, Texas. Its subsidiary, Malheur Home Telephone Co., furnishes such service in Malheur County, Oregon. On Dec. 31, 1959, the company had 2,264,373 telephones in service and its subsidiary had 6,125 telephones in service. Other communication services furnished include teletypewriter exchange service and services and facilities for private line teletypewriter use, for the transmission of radio and television programs and for other purposes.

For the year 1959, the company had total operating revenues of $287,525,773 and net income of $41,899,358. At Dec. 31, 1959, the shareowners' equity in the company was $473,232,728; funded debt of the company was $140,000,000 and advances from A.T.&T. aggregated $67,600,000. At Dec. 31, 1954, these figures were $252,547,088, $80,000,000 and $9,825,000, respectively.

Iowa Inv. Bankers Field Day

DES MOINES, Iowa — The Iowa Investment Bankers Association will hold their Silver Anniversary Field Day in Des Moines, Iowa on Thursday, June 9, 1960.

The Wakonda Club will be the site for the program as the Iowa Association plays host to Investment Bankers and Dealers from all sections of the nation. Approximately 150 members and guests are expected to attend.

Harold Neu of Des Moines, President of the Iowa Association, announced that the Association will hold a cocktail party and dinner reception at the Des Moines Club on Wednesday evening preceding the Field Day.

With First Maine Corp.

(Special to The Financial Chronicle)

PORTLAND, Maine — James A. Boyd has become connected with First Maine Corporation, 84 Exchange Street.

Form Growth Plans

Growth Plans, Inc. has been formed with offices at 405 Lexington Ave., New York City, to engage in a securities business. Angelo Leto is a principal.

Significance of the Revised Industrial Production Index

Continued from page 9

tion was indicated in the Winter and Spring of 1955-56 when the ending of the six-month Westinghouse strike resulted in a temporary increase in output of appliances, while output of furniture was showing some decline.

Of broader significance in the revised index is a new total measure for consumer goods. This is a combination of home furnishings with series for automotive products, clothing, manufactured foods, residential electricity, and various other items purchased by consumers. This new category for monthly output of consumer goods is of special importance in observing cyclical and growth developments. The second new broad category, represents equipment output for business and government use (including defense) and the remaining new major group is for materials. This materials group includes steel, lumber, chemicals, and other materials used to produce final products and for construction purposes.

In contrast to seasonal movements, cyclical changes in business are generally not predictable. Moreover, we may be better off not knowing in advance when business cycle turning points are in the immediate offing partly because some degree of uncertainty about the future is essential to a free market economy.

Shortness of Postwar Recessions

The revised index, we believe, has considerably improved our historical knowledge of the three postwar cyclical downturns and recoveries in output. During each of these recessions the period of decline in industrial production lasted about eight months; the first one was from October, 1948, to June, 1949, the second from July, 1953 to March, 1954, and the third from August, 1957 to April, 1958.

The latest recession was sharper than the other two even though the duration of the decline was the same. The greater decline reflected two main developments. One was that consumer demand for autos dropped by one-fourth for the first serious decline in the postwar period. The second development was that inventory liquidation in the 1957-58 period was at a more rapid rate both here and abroad than in the earlier recessions. Partly this may have reflected the fact that the latest recession was more widely advertised than the others, resulting in an excessive amount of inventory liquidation.

Some of this accelerated liquidation grew out of the concern that the recession beginning in late 1957 was going to be the big one that had been predicted for some time, because of the view that the nation's productive capacity was being greatly overbuilt. Recovery, however, developed more promptly than in either of the other two recessions, and, for a time (until the steel strike last summer) the recovery was at a more rapid pace than before. Contrary also to earlier interpretations, the strength of the latest recovery could not be attributed solely to inventory building in prospect of a steel strike. One of the broadest advances during the postwar period occurred in textiles, chemicals, and other nondurable manufactures during 1958 and 1959. Total output of these goods has been about 12% higher since last summer than the advanced level reached two years earlier.

Upward revision in the production indexes for nondurable manufactures accounted for a substantial amount of the recent general revision in the total index. The revision in these industries reflected partly the difficulty of maintaining adequate current reports for the many small firms producing a variety of products like apparel and prepared foods and the rapid growth of new products in the chemical and plastics industries.

Index Sheds New Light on Recessions

It was mentioned earlier that the declining phase in production during each of the postwar recessions lasted eight months. Why was this so? We cannot answer this question with full assurance of the facts, but with the aid of the revised index we can better see the composition of industrial recessions as well as industrial booms and attempt to reach some conclusions.

A major consideration in reviewing these cycles is that on the average about two-thirds of total industrial production at all stages is ultimately for individual consumer use either as finished goods or for residential construction. More than half of the consumer total covers such staples as food, fuel, and newspapers which generally expand steadily upward with population. Population growth has been about 1.7% per year in the postwar period. With generally full employment and rising incomes, consumption of these and most other consumer goods has been expanding at a rate of 2% or more per capita.

Periodically, however, a congestion develops in the economy which may reflect a number of different influences. Prominent among these is the tendency to excessive expansion in periods of business boom. With demand inflated by the bright promise and credit of tomorrow, retail prices rise and limit increases in real consumer takings. Inventories accumulate and after a time businessmen find their capacity to produce is larger than justified by demand and they cut back their orders for equipment as well as for merchandise to carry in inventory. If this paper were longer we could examine this process further, noting, for example, how differently broad types of consumer goods fare during readjustment periods—including home goods and apparel, consumer staples, and automotive products.

One of the main facts that stands out in the cycles is that the curtailments in total output of consumer goods have been shorter and less severe than the declines in total industrial production. This is because there is usually no inventory liquidation affecting output of staple items, while the inventory liquidation period for other consumer goods largely relates to one season's output. For some items like clothing there are two or three seasons a year, while autos and appliances have a model period of 10 to 12 months.

In each of the general business recovery periods, production of consumer goods turned up sooner than other measures. In 1949 the upturn in consumer goods came in the Spring, while output of equipment and materials continued to decline to the latter part of the year. In 1953, the decline came to an end in December and output turned up in January, while in 1958 there was a lead of only a month or two.

Anyone who is in the business of manufacturing or selling industrial or commercial machinery or motor trucks, knows that cycles are much longer and deeper for business equipment than for household items where consumption is relatively well maintained. The revised index shows that the overall postwar cycles in output of business capital equipment have had a declining phase of about a year and a quarter. Output in the business equipment industries has tended to level off or decline some time before the general decrease in industrial production.

To recapitulate, the eight months' periods of decline in the total index during the three postwar recessions were a weighted average of the shorter declines for consumer goods, which have more than twice the aggregate importance of business equipment in industrial production, and the much longer declines in output of equipment — plus declines in output of steel and other major materials used in making consumer goods and equipment. Materials constitute about one-half of industrial production and they are especially strategic in inventory readjustments.

This is an important point on cyclical production movements as they relate to changes in inventories of industrial commodities. Some of these commodities are purchased from other manufacturers such as the fabrics held by an apparel manufacturer. Some are goods held in the process of production such as the copper wire used in producing a turbine, and some of the inventories are final products such as home refrigerators held by manufacturers or distributors.

Changes in business inventories of refrigerators, for example, occur when the current volume of their output is higher or lower than the current rate at which refrigerators are being sold at retail plus or minus changes in foreign trade. This is the familiar part of the inventory cycle. The less familiar part reflects changes in business stocks or purchased materials and goods in process, and it is this part which shows up in the revised index as a slowdown or pickup in output of materials relative to final products.

Recently there has been a very dramatic illustration of how important such changes can be in inventories of materials because of involuntary reasons. Here I refer to last year's work stoppages which cut steel output to 15% of capacity. Steel capacity has grown considerably over the postwar period, and during the strike U. S. exports of steel were cut to the bone while imports increased further, so that the domestic supply of steel was greater than the 15% figure might suggest. Even so, for a period of nearly four months the economy depended in large part on the consumption of steel out of inventories.

By November the auto industry had depleted its steel inventories and assemblies were cut in half. With output of primary metals reduced by three-fifths by the strikes, total production of all industrial materials declined by over 10% last summer. Except mainly for the November drop in auto assemblies, total output of final products was maintained during the strike, partly by using up inventories. This is similar to what happened during the business readjustments in 1957-58, 1953-54, and 1948-49. In those periods, though, output of final products was also reduced in an attempt to liquidate inventories of those products as well as materials and to adjust output of equipment to reduce business demands.

Index Sheds Light on Longer-Run Prospects

Growth developments—The revised index is of interest also because of the light that it sheds on the longer run process of economic growth. As was indicated at the outset of this paper, the U. S. growth rate is a subject on which we need more light and less heat of a political character both in discussing domestic growth and in comparing it with other countries.

For the period from 1947 to 1959 the revised industrial production index showed an average annual rate of increase of 4.1%. The rate was faster from 1947 to 1953 than since that time mainly because of the impact of the Korean War during 1950 to '53 on defense outlays and production.

Considering the more basic consumer goods sector of the economy, the revision shows that the average rate of growth in output has been about as high since 1953 as it was before. The increase has tended to be between 3½ and 4% per year. Moreover, marked per capita growth has been broadly evident among various major groups of consumer goods including automotive products and household goods as well as apparel, fuel, manufactured foods, and other nondurable goods.

These results should give us a better basis for gauging national changes in retail trade and other economic developments. Also, these results suggest the existence of strong physical and institutional forces making for underlying growth developments in the economy. For example, there was a distinct slowing down in the rise in consumer buying during 1956-57 as retail prices advanced by 6% or so. There followed a drop in output of consumer goods that lasted until the Spring of 1958, but by last Summer output was 12% greater than at the previous high level two years earlier and in January output will probably be about 15% greater.

The strength of this recovery also probably reflected the fact that financial insolvencies and income readjustments were more limited during the recession. This was partly because restraints on excessive demands during the previous expansionary period had restrained speculative commitments and partly because of the effects of various built-in stabilizers in the economy.

While the U. S. total index showed a growth rate of 4.1% for the period from 1947 to 1959, this may be somewhat higher or lower than prospects over a longer period. In any event the rate of growth has been much less than a comparable figure for the State of Florida.

Before presenting that figure I would like to explain that in order to improve monthly measurements for the FRB index we are seeking the cooperation of the country's major electric utility companies to report their monthly sales of power to industrial establishments following a national pattern of classification. It is expected, also, that these electric power data will be useful for other purposes including regional growth studies. We are glad to report that there has been a ready willingness to cooperate on the part of the Florida utility companies.

Some of those reports are already coming into the Atlanta Federal Reserve Bank but it is still too early to use them for my calculations today. For this purpose we have developed an experimental measure of industrial production for the State of Florida to compare with the total U. S. index. The Florida figures are experimental because we have calculated output of manufactured products by using national ratios on output per unit of electric power consumed by industry compared with similar ratios on output per factory employee and per dollar of value added. The Florida index includes electric utility output, but not mining, which in Florida is too small to affect these figures.

This industrial activity index for Florida shows a rate of expansion which has considerably exceeded the U. S. total, especially during the past six years. Over the whole period since 1947 the average rate of industrial growth for Florida has been about double the 4% rate for the U. S. total, including Florida. Industrial production in Florida accounts for about 1% of the U. S. total. The Florida index also indicates that despite the faster growth rate, industrial activity in Florida leveled off and showed some decline during the national recessions in 1953-54 and 1957-58.

In closing I would like to leave the following questions: If or when Florida's industrial growth slows down to nearer the U. S. rate, will production readjustments in Florida become as severe as those for the country as a whole? More generally, will fluctuations for the country become larger, or will the increasing importance of consumer goods, prospects of more stable U. S. prices, and the growth of pensions and other institutional developments tend to stabilize national industrial activity?

*An address by Mr. Gehman before the Economic Society of South Florida, Miami, Florida.

Chock Full O'Nuts Stock Offered

A secondary offering of 126,000 shares of common stock of this corporation was made on April 12 by an underwriting group headed by F. Eberstadt & Co. The stock was priced at $45 per share.

William Black, founder and President of Chock Full O'Nuts, recently gave this stock to Columbia University as a contribution toward the construction of a medical research building on the campus of The College of Physicians and Surgeons. Net proceeds of the sale of these securities will be received by Columbia.

The corporation operates a chain of 29 counter-service restaurants located principally in the Borough of Manhattan in New York City. On March 30, the company opened a new restaurant in Manhattan. During the remainder of 1960, it will open four more Manhattan restaurants and enlarge an existing one. In this operation, the company specializes in serving a limited menu of quality food in clean surroundings at low prices.

A second division of the concern produces a brand of premium priced, all-method grind, vacuum packed coffee under the "Chock Full O'Nuts" label.

In addition to the New York metropolitan area, the coffee is also distributed in marketing areas in up-state New York, Maine, Connecticut, Rhode Island, Massachusetts, Pennsylvania, Maryland, Virginia, Ohio, Michigan and in Washington, D. C., and Toronto and Windsor, Canada.

For the six months ended January 31, 1960, net sales of both divisions were $14,591,194 and net income was $944,837, compared with net sales of $13,224,513 and net income of $710,595 for the like period of 1958. Total sales for the year ended July 31, 1959 equaled $26,342,172 and net income was $1,566,219 equivalent to $1.96 per share.

DuPont Branch in Hawaii

HONOLULU, Hawaii — Francis I. du Pont & Co. has expanded its nationwide network of brokerage offices to 74 with the opening of an office in Hawaii, at 84 Merchant Street, Honolulu, it was announced by A. Rhett du Pont, Senior Partner. Joseph W. Howell is Resident Manager.

Marache, Dofflemyre Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — George Vollmer has become affiliated with Marache, Dofflemyre & Co., 210 West Seventh St., members of the Pacific Coast Stock Exchange.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

How Distant Is "One Package" Selling to the Family Security Market?

The basic human desire for security from loss of life, property and money savings which underlies the market for insurance and financial companies, is creating more hyphenated descriptions of operations each day. As property and casualty concerns became affiliated the fire-casualty label became widespread and distinguished from non-multiple line businesses. The insurance field has been witnessing for several years the development of fire-casualty-life affiliations, or "all lines" companies.

Characteristic of any serious innovation on the horizon, negative actions against "threats to the *status quo*" are showing up to ward off a further integration step, the sale of mutual funds. Once an organized and efficient distribution force is reaching the public in effectively servicing security needs, additional savings beyond balanced insurance needs held by that public logically could be tapped for equity investment.

Protection against financial loss, including the changing value of money, called forth the variable annuity concept. The Supreme Court has turned over the task of regulating variable annuity sales to the Securities & Exchange Commission by ruling the variable annuity contract as more in the nature of an investment than an insurance purchase. Earlier this year the SEC spelled out operating rules for variable annuity companies.

While proposals to allow the sale of such annuities bog down in State legislative battles, the managements of mutual funds are applying a different approach to the same basic problem. Concerns are at work to hit upon the best means available to satisfy the thirsty market for security. Beyond a base level, insecurity calls forth enterprise. Nonetheless, the goal for enterprise is to achieve further security. The balancing of risks is the financial game of life; security is not obtained by avoiding risk.

With institutions at hand to cover "insurable" risks, life is all the easier. Life insurance will continue to cover the risk of premature death, and credit life insurance in particular has become a fast growing field, with the prevalence of instalment buying, for insuring the lives of debtors. Life insurance has its risk of inflation and mutual funds face the risk of recession, thus the two are compensating. The circumstance has given rise to the one package approach to help achieve healthy family security from risks. Investment company or mutual fund share ownership provides an effective means of participating in the economy's growth through the benefits of diversification and professional investment management.

At present a co-existence in family security reigns. Just this month The National Association of Life Underwriters and the National Association of Investment Companies issued a revision of guiding principles deploring negative selling and affirmed both life insurance companies and mutual funds as contributing part of an over-all financial security package. Akin to the variable annuity is systematic investing, and mutual funds with contractual plans are ready to capitalize on this concept by offering periodic purchases of shares. Thus the life insurance and mutual fund fields are working toward the same goal.

Dual licensing for salesmen to sell both mutual funds and insurance is a possible drawback, but this innovation is expected to win out in most states in time. Even the more controversial variably annuity program has been legalized in several states. Among the leading "all lines" insurance groups is Nationwide Corp. which sponsors a plan for the marketing of investment trust shares through its force of insurance agents. Several other groups are well advanced for entrance. Until legal restrictions are cleared, the sale of life insurance and mutual funds will be separated, even though sold by the same salesman. Many salesmen have been selling both for some time.

Invasion into the life field is advancing from all sides. The progress of Sears Roebuck's Allstate Insurance subsidiary is well known. Montgomery Ward has been weighing a move into the insurance field. Finance companies, such as Financial General, C. I. T. Financial and Commercial Credit have growing life subsidiaries. Also long established insurance companies are expanding through acquisitions. Note well the acquisitions of such insurance companies as Transamerica and Life & Casualty Insurance Co. of Tennessee.

Channing Corp. Moves In

Just last week Channing Corporation, with subsidiaries supervising six U. S. and Canadian mutual funds, announced it is entering the insurance field. It has acquired the majority stock interest in the Wolverine-Federal Insurance Companies of Battle Creek, Michigan. The Channing organization supervises about $750 million in investments through its investment counsel subsidiary, Van Strum & Towne, Inc. Supervised accounts include several insurance companies' investment portfolios; the writer has been associated with Van Strum & Towne for several years. Much publicity has been given Channing Corp. from a recent proxy contest, in which the stockholders of the $58 million Managed Funds of St. Louis, Mo., approved a Channing slate of officers and directors. King Merritt & Company, Inc., a subsidiary, sells shares of the Channing mutual funds at retail through offices around the globe.

With its acquisition of the "Tower Insurance Group" of Battle Creek, Mich., Channing will offer extensive facilities for the newest concept in family and business economic planning. These facilities will provide a balance between life insurance protection, fixed dollar saving, and ownership of equities through the media of mutual funds.

Federal Life and Casualty Company; Wolverine Insurance Company; Riverside Insurance Company of America and Secured Insurance Company comprise the insurance complex. Federal Life in 1959 had writings of new life insurance of over $102 million, bringing life insurance in force to $455.5 million. By volume of insurance in force, Federal is in the top 10% of over 1,400 companies in the U. S.

Other organizations are expected to enter the insurance-mutual fund field. The "one package" selling to the family security market may not be a too distant achievement.

Harvey Boat Wks. Stock Offered

Walter R. Blaha & Co., Inc., of Long Island City, N. Y., on April 4 publicly offered 100,000 shares of 25-cent par class A common stock of Harvey Boat Works, Inc. at a price of $2.25 per share.

The company is engaged in the manufacture of fiberglas boats, swimming pools, and other plastic consumer and industrial products. The company's manufacturing plant is located at Aloha, an industrial and suburban area approximately ten miles southwest of downtown Portland, Oregon.

One of the principal purposes of the current underwriting is to finance establishment of a second boat manufacturing plant at Knoxville, Tenn., or at some other location in the southeastern United States, for the intended purpose of obviating freight rates so that the company can compete in eastern markets as well as on the West Coast.

With Hayden, Stone

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Nicholas M. Keller has been added to the staff of Hayden, Stone & Co., 141 West Jackson Boulevard.

Hentz Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Arthur H. Mann has become affiliated with H. Hentz & Co., 141 West Jackson Boulevard.

Three With Binder

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Gene J. Algoet, Oliver C. Hoffman and Nicholas P. Lewnes have joined the staff of Binder & Co., Inc. 542 South Spring St.

J. A. Hogle Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Herbert Le Vine is now affiliated with J. A. Hogle & Co., 507 West Sixth St. He was previously with California Investors.

Two With Taiyo

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Ryuichi Kawamura and Nobutaka L. Kiriu have joined the staff of Taiyo Securities Co., 208 South San Pedro Street.

Proper Solution to Problems With Inflation Subsided

Continued from page 1

has been able to make its contribution to these developments. The financial assistance granted to member countries by the Fund, since the difficulties became acute at the end of 1956, amounts to the equivalent of over $2 billion. This is the most spectacular part of the Fund's contribution, but only a part. For the Fund has also extended technical assistance, and has helped in the preparation of stabilization programs—as a result of which further funds have been obtained from a variety of sources.

Growing Realization of Monetary Stability's Importance

It is always dangerous to exaggerate and be complacent about the degree of improvement that has been attained, since new and perhaps equally difficult problems are bound to arise; but it would also be a mistake to minimize what has been achieved. In quite a number of countries the increase in the cost of living has been moderate for well over a year; this has helped to strengthen the confidence of the general public in the value of their currencies. In other countries where prices have not been so stable, people have begun to feel that they have had enough of inflation, and the authorities in these countries can now count on much greater popular support for their efforts to resist inflationary pressures, even when rather harsh measures have to be taken. There is also a growing conviction, evidenced by statements at the last Annual Meeting of the Board of Governors of the Fund, that monetary stability is the only reliable basis for sustained growth. These are real gains; they provide a foundation for us to proceed further, and to apply our minds to the problems that remain as well as those that will arise in this ever-changing world.

Since I last spoke to you, no country has completed the formalities required to join the Fund. At the Annual Meeting last September, however, the Board of Governors adopted resolutions agreeing the terms upon which Portugal and Laos be admitted to membership; and I understand that the necessary domestic measures to give effect to these resolutions are now being taken in the two countries. Moreover, during the year approaches have been received from several other countries indicating their interest in eventual membership in the Fund. With the emergence of many independent countries in Africa, it is expected that before long the Fund membership will be appreciably increased. We shall certainly welcome these countries as partners in the joint enterprise for monetary cooperation which the Fund constitutes.

I should mention here that the Fund has already on occasions extended technical assistance to a number of countries, at their own request, even before they have become members of the Fund. In this and in other ways, the Fund's activities in the field of technical assistance have shown steady growth over recent years. This assistance is in part given in the course of the regular consultations which have been held with 56 of the Fund's members. These consultations are almost always held in the member countries, providing an occasion for personal contact between officials of the Fund and officials from a great many departments and institutions in the member countries.

Experience has shown that the contacts and knowledge thus gained are of the greatest value to the Fund in its general task of promoting monetary cooperation, and that an understanding of members' problems has been particularly useful whenever it has been necessary to act promptly in connection with the various matters that require Fund approval, and in response to requests for financial assistance.

The success of the Fund, as a center for monetary cooperation, will always depend upon the maintenance of close contact with member countries. Such contact is of importance not only in times of tension and crisis, but also in periods of general monetary stability—for even then problems of monetary management may well arise. These are often of an intricate nature, and may require coordinated action by a number of countries.

While the Fund's regular consultations have had as their first objective the examination of the restrictions maintained by member countries, it became clear at an early stage that a restrictive system could be properly understood only against the background of the general economic and financial position of the country concerned, and attention has been increasingly devoted to the study of these positions. As restrictions have gradually been reduced, the emphasis in the consultations has shifted more decisively to a consideration of the general economic and financial situation. Through these consultations the Fund has been able to contribute experience and advice with a minimum of publicity, and with the individual members' knowledge that nothing could be said or done without their having an opportunity to make their views known and to have them considered.

Stabilization Programs During 1959

I may perhaps say a few words about the stabilization programs which had already been put into effect when I appeared before you a year ago. In 1959, France had a balance of payments surplus of over $1 billion on current account, and was able to add substantially to its monetary reserves, and at the same time to repay a considerable part of its foreign debts. Notable progress has also been made under the stabilization programs in Argentina, Bolivia, Chile, Colombia, Haiti, Honduras, Mexico, Paraguay, Peru and Turkey. The Fund has maintained close contact with these countries, and more often than not this has involved the conclusion of new stand - by arrangements, which have contained provisions for such further measures as have been needed to continue the improvement.

As is clear from the list of countries that I have just given, the Fund's activities in support of stabilization programs have been particularly marked in Latin America, both among the Northern group of countries and in South America, and the progress that has been made is all the more remarkable in view of the fact that on the whole world prices of the raw materials produced by these countries did not improve during 1959, except for copper and a few other metals. This progress has been the result of the very determined efforts made by these countries, aided by financial and advisory assistance from the Fund, and supplemented by resources obtained from U. S. Government agencies and U. S. and European commercial banks.

Among the Northern group, the Fund continued to play an important role in the implementation of stabilization programs during 1959. It contributed to the strengthening of the position of the Mexican peso, and gave finan-

Continued on page 32

Proper Solution to Problems With Inflation Subsided

Continued from page 31

cial assistance to Haiti, Honduras, and the Dominican Republic—where a stabilization program was introduced in December.

It is among the countries of South America, however, where efforts towards the achievement of stability have been most difficult and where the greatest sacrifices have had to be made. This is partly the result of the long history of inflation in these countries associated with complex multiple currency practices, and partly the result of structural problems. The importance of stability, however, in enabling the best use to be made of scarce resources in the efforts to diversify and develop the economies of these countries, and the value of raising real wages rather than money wages in the long run, cannot be overrated.

Praises Latin American Response

In South America, the Fund has had stand-by arrangements with six countries, namely, Argentina, Bolivia, Chile, Colombia, Paraguay, and Peru. The improvement in the payments position of most of these countries has been remarkable. For instance, the net gold and convertible foreign exchange reserves of Argentina increased by $77 million in 1959, and by a further $40 million in the first two months of this year. Chile's net international reserves increased by $36 million in 1959, Colombia's by $88 million, and Peru's by $17 million, and this improvement has continued into 1960. The strengthening of reserves is mainly to be attributed to the adoption of proper domestic financial policies; during the last six months, the rise in domestic prices in most of these countries has been virtually halted or at a very reduced rate. Throughout 1959, the rate of exchange has been stable in Bolivia, Chile, Colombia, and Paraguay, and in Argentina and Peru, since the middle of 1959.

As the domestic financial position of these countries improves, so internal production should increase, and a better climate created for sound development. I do not wish to convey the impression that the problems of Latin America have been solved, but I think it particularly significant that these countries are applying themselves in an increasingly determined fashion to the task of eliminating inflation, simplifying their exchange systems, and developing their economies under a system of freely convertible currencies.

Of the new stabilization programs with which the Fund has been concerned in the past year, two were put into effect by European countries.

Improvement in Spain

In July 1959, the Government of Spain presented to the Fund and to the Organization for European Economic Co-operation (O.E.E.C.) a comprehensive stabilization program, which included budgetary reform, credit restraint, and unification of the exchange structure at a realistic rate of exchange, together with measures for the liberalization of trade. In support of this program, Spain drew the equivalent of $50 million in U. S. dollars, sterling and French francs from the Fund, and entered into a stand-by arrangement for a further $25 million; at the same time, it became a member of the O.E.E.C., and was granted a credit of $100 million from the European Fund. In addition, $200 million were obtained from various U. S. sources, including $70 million from U. S. commercial banks. It can already be said that the steps taken by the Spanish authorities have had a considerable effect. They have resulted in a virtual elimination of inflationary pressures, and in a greater freedom of trade and payments which, together with the reduction in discrimination, has created the conditions for the realignment of the Spanish economy with the economies of the other countries of Western Europe. The stable exchange quotation for the peseta is evidence of Spain's improved balance on foreign account, and since the stabilization program was introduced over $200 million has been added to reserves over and above the amounts drawn under foreign credits.

In February 1960, the Government of Iceland also presented to the Fund and the O.E.E.C. a comprehensive stabilization program which aimed at the achievement of internal stability and external balance in Iceland's economy. The program included the elimination of multiple exchange practices and the introduction of a new par value for the Icelandic krona. In support of this program Iceland drew $2.8 million from the Fund, and entered into a one-year stand-by arrangement for a further $5.6 million. At the same time, Iceland was granted a credit of $12 million from the European Fund.

I should like to add that in connection with these two stabilization programs, and in the general exchange of relevant information and views, the Fund has continued to maintain close and friendly relations with the O.E.E.C., and that basic harmony has prevailed between the two organizations in the pursuit of common objectives of monetary policy.

Hitherto I have spoken of financial assistance in support of stabilization programs, and it is satisfying indeed that this has again been one of the main features of the Fund's work. But it should be emphasized that the Fund's participation in these programs is not confined merely to providing financial assistance. The Fund maintains constant contact with the member country throughout the period of any stand-by arrangement, often through a resident staff official when this has been requested. This enables the Fund to give technical assistance and advice on any problems that may arise during the implementation of the program.

In addition to assistance in connection with stabilization programs, use has also been made of the Fund's resources to assist countries which have large seasonal swings in their balance of payments. In such cases resources are made available for such short periods as are appropriate to the member's problem, and repurchases are usually made within, say, six months, when the seasonal pressure has passed. In the past this type of assistance was given to a considerable number of countries, particularly in Central America, but many of the countries availing themselves of this temporary assistance have in recent years found it necessary to adopt more general stabilization programs, and have then come to the Fund for longer term assistance under stand-by arrangements.

As you no doubt know, these stand-by arrangements correspond rather closely to what in ordinary banking parlance are called "lines of credit." Experience gained in recent years has shown that even when these stand-by arrangements have not been fully used—or not used at all — they have nevertheless effectively helped to sustain confidence in the members' currencies because it was known that the countries had those resources at their disposal. While the Fund has no power to create credit directly, since amounts drawn by one country are obtained from the country whose currency is drawn, it is interesting to point out that stand-by arrangements, which by their very existence strengthen the reserve positions of the countries concerned without any money being drawn, act in many ways as a form of credit creation.

Recalls Fight Against Non-Justified Discrimination

When at the end of 1958 14 European countries introduced external convertibility, it was thought by many that this was a more or less formal step, simply recognizing what had already been achieved. But the decision soon proved to have been of really great significance. It led to a simplification of formalities, which was in itself not unimportant. It created a feeling which soon spread, that the steps taken would not be reversed; in that way confidence in the international monetary structure was greatly strengthened. When during the course of 1959 the monetary reserves of most industrialized countries showed quite substantial increases, the fears and apprehensions about balance of payments difficulties—which had so plagued many countries in the postwar era—began to disappear. Then it became clear that many of the practices of those years would also have to disappear. There were indeed, no longer any good reasons to maintain discrimination in trade and payments for balance of payments reasons. These matters were discussed at the Annual Meeting of the Fund Governors at the end of September 1959; and in October the Board of Executive Directors unanimously approved a statement that, in view of the substantial improvement in the reserve positions of the industrialized countries in particular, and the widespread move to external convertibility, the Fund considered that there was no longer any balance of payments justification for discrimination by members whose current receipts were largely in externally convertible currencies.

This decision on discrimination for balance of payments reasons was communicated to the *Contracting Parties* to the General Agreement on Tariffs and Trade, who were then meeting in Tokyo. A statement issued at the conclusion of the meeting of ministerial representatives of the *Contracting Parties* expressed views similar to those of the Fund decision. The statements by the Fund and the *Contracting Parties* to the G.A.T.T. were the logical conclusion of the move to external convertibility, for, when currencies are externally convertible, there are no monetary reasons for preferring imports from any one country, rather than from another.

Since the convertibility move in December 1958, improvements in the international reserves of so many countries have also made possible the elimination of many nondiscriminatory quantitative restrictions. It is very satisfying to be able to report that in the last six months such determined steps have been taken by countries in Europe and in certain other countries to reduce discrimination against imports from the dollar area in particular, that over a fairly wide area discrimination is becoming more and more a thing of the past. In these countries most of the restrictions on current transactions that remain today are nothing more than protectionist devices, or are considered necessary in relations with state-trading nations.

While progress in the elimination of discrimination and quantitative restrictions has been particularly marked in Europe, it extends to other parts of the world, and the restrictions that still remain generally cover a decreasing proportion of the foreign trade of the Fund's member countries. The elimination of discriminatory restrictions is of course important because it provides an impetus to the balanced expansion of world trade, and to the removal of distortions which are economically harmful. At the same time it removes a cause of dangerous tension between trading nations, for discrimination that is no longer manifestly essential is bound to be regarded as unfair and as such is likely to provoke retaliatory measures, which in their turn will further hamper the growth of trade. While there are still many steps to be taken, considerable advance has been made during the past year "in the elimination of foreign exchange restrictions which hamper the growth of world trade"—to quote from Article I of the Articles of Agreement of the Fund.

Increased Fund's Resources

The improvement in the monetary field has also been reflected in the Fund's operations. During the 12 months ended on March 31, total repayments to the Fund have amounted to $482 million. With the change in the world liquidity position, the large amounts of financial assistance extended by the Fund during the period of acute exchange tension from the Autumn of 1956 to the Spring of 1958 are now being repaid to the Fund. On the other hand, actual drawings have amounted to the equivalent of $155 million, and further resources totaling $200 million, were available under stand-by arrangements on March 31. The excess of repayments over drawings emphasizes once again the revolving character of the Fund, and I am glad to be able to say that repayments have been made in conformity with our rules.

The increase in the Fund resources, which was already on the way when I spoke to you a year ago, has now come into effect. The Resolutions of the Board of Governors recommending the increase, and setting out the methods that could be adopted for the payment of increased quotas, were adopted on Feb. 2, 1959, and communicated to the member governments for individual action. The Governors had resolved that the enlargement would become effective, **inter alia**, when countries having 75% of total quotas had consented to the increase. That percentage was reached early in September 1959, and the arrangement for the increase in Fund resources became effective on Sept. 15, 1959. Since then many more members have given their consent, and the percentage now reached is as high as 90%. Countries may consent to their increased quotas up to the end of July 1960, and several of the remaining countries have taken steps to do so. In the parliaments of the member countries there has been practically no opposition from any party to the increase in quotas—and this would seem to signify that there is a welcome understanding of the usefulness of monetary cooperation and a widespread willingness to make additional resources available to ensure the effectiveness of this cooperation. In round figures, members' quotas now total $14 billion, having been increased by nearly $5 billion, and the Fund holds $3 billion in gold and $10½ billion in currencies. Since the moves to external convertibility at the end of 1958, the greater part of these currency holdings are now externally convertible, and thus readily usable for international transactions.

Through the increase in quotas, individual countries have acquired additions to their "second lines of reserves," for they can now draw larger amounts from the Fund in case of need to supplement their own holdings of gold and foreign exchange. The principles and practices governing the use of Fund resources have been fully explained in the Annual Reports of the Fund; in brief, these principles demand that the greater the assistance provided in relation to a country's quota, the more sure the Fund must be that the policies followed by the country in question are likely to restore equilibrium. The Articles of Agreement of the Fund establish a balance of responsibility between the Fund and its members, and it must always be borne in mind that the provision of Fund assistance has its counterpart in the actions to be taken by the country receiving the assistance. The Fund's resources are available to members to see them through periods of difficulties while the members' own remedial measures can take effect.

In the recent busy years of Fund work, these principles have been submitted to a severe test and have been found eminently practicable. For the strengthening of international liquidity, the Fund's resources are particularly efficient since they can be directed to specific areas of financial strain. They can also be of great value even when no immediate drawing is made, as is often the case under stand-by arrangements, or even when no request at all is made for financial assistance. Because of this second line of reserves that is available to them in the Fund, a feeling of confidence is created among Fund members even though the resources directly under their control may be considered not adequate to meet every eventuality. They can therefore safely make their decisions with respect to the freedom of payments and trade without having to pay undue regard to such temporary balance of payments difficulties as may from time to time occur.

The increase in Fund resources came at a time when, for a number of reasons, the world's liquidity position was improving quite rapidly. The official reserves of the Western European countries and Japan increased by the equivalent of about $3½ billion between the end of June 1958 and the end of December 1959. This increase took place despite payments by these countries of the equivalent of about $1 billion to the Fund in respect of repurchases and gold subscriptions on their increased quotas. Even the figure of $3½ billion does not tell the whole story, for at the same time the foreign exchange holdings of commercial banks increased considerably in a number of countries. Exact data are not available, but for the countries of Western Europe the increase would seem to have been as high as $1 billion over and above the increase in official reserves in the 18 months' period.

International Liquidity Aided By U. S. A.'s Deficits

It would not have been possible for these countries in particular to add so substantially to their reserves had it not been for the deficits in the U. S. balance of payments, by which in 1958 $3.4 billion, and in 1959 $3.7 billion, were made available to other countries. Since the United States still holds over one-half of the Western World's gold reserves, this outflow caused no particular strain on its liquidity position, while it greatly helped the general position by bringing about a useful redistribution of the world's monetary reserves. It is instructive to contrast this situation with what happened in the years from 1926 to 1930 when many European countries were striving to build up their reserves after the reductions that had occurred during and just after the First World War; then the gold markets were submitted to a considerable strain, which was a contributory cause of the subsequent crisis. The fact

that the process of rebuilding the reserves of European countries had this time been so relatively smooth has certainly been due, to a decisive extent, to the outflow of funds from the United States that has taken place.

Valuable as this outflow of funds from the United States has been in many respects, it could naturally not be allowed to continue indefinitely on such a scale; in taking corrective measures the U. S. authorities have primarily turned, as others have done in similar situations, to measures of fiscal and credit restraint. As the recession of 1958 gave place to an upturn of business in the course of the following year, it became appropriate from a domestic point of view to limit the expansion of credit, and to aim at a budget surplus. Under the impact of such measures, there has been a widening resistance to price increases, both wholesale and retail, and this seems to have been followed by increased attention to costs. With the upsurge in business activity more pronounced in Europe than in the United States, there are now distinct signs of an increase in U. S. exports, together with a reduction in the over-all deficit in the U. S. balance of payments.

After the upheaval of a world war, it necessarily takes time before the relations between domestic costs, prices, and liquidity are properly adjusted in each country, and before a proper adjustment of these factors is made between different countries. Marked and persistent disequilibria, when they occur, may have to be corrected by alterations in exchange rates—but such alterations have many often unexpected repercussions, and should be reserved for cases when other measures fail to produce the necessary adjustments. The re-emergence of Western European countries with great productive capacity and strong competitive power, has, of course, introduced a new element affecting the balance of the world economy. But when these matters are discussed—and much is heard about the replacement of what was called "the dollar shortage" by "the dollar surplus"—it should not be forgotten that the United States still has a surplus of exports over imports, with a tendency over recent months for this surplus to increase.

In general, movements of gold and exchange balances which take place as monetary reserves are being increased or decreased, themselves set in motion corrective forces which tend to establish equilibrium. Much progress has already been made towards a lasting equilibrium, and it seems that the present structure of exchange rates will on the whole prove durable, and that the par values already agreed with the Fund will generally be maintained.

Wants Article VIII Fulfilled

The improvement which we have thus witnessed has refocussed attention more sharply on the convertibility provisions of Article VIII of the Fund Agreement. This Article provides for the avoidance of restrictions on current payments and transfers, of discriminatory currency arrangements and of multiple currency practices, and also for the convertibility of foreign-held balances. Member countries have had the option under Article XIV of the Fund Agreement of mitigating their obligations under Article VIII during a transitional period. Under Article XIV, members could decide to maintain or adapt exchange restrictions and the other practices which Article VIII seeks to avoid. As financial conditions have improved, member countries have found less and less need to rely upon the transitional provisions of Article XIV. It may well be, therefore, that in the near future a number of countries whose currencies are important for international trade and payments will find it possible formally to undertake to implement the full obligations of Article VIII.

Repeats View of Inflation's End

While those who follow statistics of reserves and balances of payments will find impressive indications of a strengthening of the world's monetary structure, the general public is more concerned about what happens to the purchasing power of money; in other words, to the prices they have to pay for the goods and services they need. Some prices may still be rising, but for not a few goods prices are declining in many parts of the world, especially if improvements in quality are taken into account. The greater degree of price stability now noticeable in many countries has therefore helped to produce more confidence in money than existed only a few years ago. With this increase in confidence, the desire to hedge against inflation which has been the practice until quite recently has distinctly weakened. The decline in stock exchange prices, which has been such a notable feature in several countries during the opening months of 1960, is certainly not unconnected with the growing disbelief in continued inflation. At the Annual Meeting of the Board of Governors of the Fund last September I ventured the statement that in all likelihood world inflation was over—and I have no hesitation in repeating that statement here today.

Even in the recent period of a distinct upturn in business activity, the index of prices of raw materials has shown remarkably little increase, while the index of prices of foodstuffs has fallen. In the important field of power, there is a plentiful supply both of coal and oil, freight rates are still relatively low, and there is much greater competition for almost all kinds of manufactured goods — and this competition is particularly intense in the export trade. Moreover, efforts are being made in a great many countries to reduce budget deficits, and in some countries to aim at a budget surplus which, together with more cautious credit policies, are the proper measure in a boom. This being the general picture, it is hard to see how there could be such a change in demand and supply conditions that would cause any appreciable rise in prices on world markets.

The world seems now to have reached a stage where the impact of excessive liquidity and certain other influences emanating from the war have spent their force. Therefore the expanding production of goods may be counted on to prevent appreciable increases in world market prices over the next few years at least. If the trend of international prices is steadier, any individual country that embarks upon inflation will do so at much greater risk, for gone are the days when any one country that inflated might hope to be saved by inflation elsewhere. Any country which today permits the price level to go on rising will be exposed to the balance of payments difficulties, and also before long, as its competitive power declines, to a deterioration in its employment situation. There has been a growing realization of such dangers; and in more than one country the possibility of such untoward developments has been cited as an argument in favor of more cautious fiscal and credit policies.

Advises Primary Producers

May I refer again to the fact that in the recent period of great business activity in the industrialized countries there has been on the average little increase in the prices of primary products. It is true that the prices of certain raw materials have risen, but the prices of most foodstuffs and some other commodities — including oil and coal — have fallen, and more or less offset the increases. Thanks to brisk demand, it has generally been easier to dispose of accumulated stocks—and that has been an advantage—but there has not been the general advance in prices that might have been expected at a time of booming business in the industrial countries. For the primary producers this has been a disappointment—and in the implications of the recent price movements should be carefully considered, not only by the primary producers themselves but also by the industrial countries. The primary producers need to make every effort to rationalize the production of their basic commodities, and to diversify their economies. They will naturally have to rely to a large extent on their own efforts; and it is in their interest to pursue policies which are most likely to have the effect of mobilizing all their own available resources, and which will enable them to use these resources, and any that can be obtained from abroad, in the most effective way. For this reason it is particularly important that they avoid inflationary financing, for this not only discourages domestic savings, but leads to the dissipation and misuse of scarce resources. By demonstrating its ability to run its domestic affairs competently, a country becomes more creditworthy and more able to attract capital from abroad — from both official and private sources.

Growing Awareness to Aid Underdeveloped Areas

There is undoubtedly a growing awareness in the industrialized countries of the vital importance of assisting the less-developed countries, and much thought is being given to the way in which assistance can best be arranged. But such resources as will be made available—and they will always seem limited in relation to the requirements around the world—can be used really effectively only if the earning potential of the developing countries is safeguarded and strengthened. In a situation in which there is little likelihood of any significant increase in the prices of primary products, it becomes all the more important to facilitate the marketing of their main products and any other commodities which they might be able to export as a result of the diversification of their economies.

Thus the tariff and other trade policies of the industrialized countries become a matter of primary importance. In the world today there are certain gratifying tendencies towards a reduction of tariffs, which, however, seem to be largely to the benefit of trade in manufactured articles. Every effort must be made to facilitate trade in primary products as well, and to ensure that, whatever other steps may be taken, no additional obstacles of any kind are put in the way of such trade. There is therefore a special responsibility incumbent upon all those who are now considering trade arrangements in Europe and in other parts of the world. There is no doubt that trade is more important than aid, particularly for the development of the primary producing countries; and if aid is to be effective, trade must be given its proper chance.

It is not the task of the International Monetary Fund to provide capital for development, but the Fund can play and has played a vital role in relation to the underdeveloped countries. Its resources are made available for periods which are usually not longer than three to five years to assist countries in temporary balance of payments difficulties, with the primary objective of gaining time for the countries assisted to take effective corrective measures. The Fund's contribution to the progress of the underdeveloped countries is, therefore, indirect; it is however not less important for that reason. Through the Fund's regular contacts with its members the chances are increased that development plans and policies will be worked out within a framework of financial stability, and thus under noninflationary conditions. Moreover, access to the Fund resources in accordance with the principles and policies worked out for their use is likely to increase the chances that temporary difficulties encountered in the course of development can be surmounted without harm to the economic structure of the country itself or to its trading partners.

Valorization for Commodity Fluctuations

One particular aspect of the problems now facing the underdeveloped countries, which has been given careful attention over recent months, is concerned with the difficulties arising from the instability of export earnings that comes from marked variations either in world prices of primary products or in the volume of production and sales. At the request of the United Nations Commission on International Commodity Trade, the Fund has prepared a study of its policies and procedures in relation to the compensatory financing of commodity fluctuations, and this study is being transmitted to the Commission on International Commodity Trade for discussion at its Eight Session.

The Fund has on many occasions provided assistance to members in temporary balance of payments difficulties resulting from fluctuations in their export earnings, and members can have confidence that Fund assistance, in conjunction with a reasonable use of their own reserves, will be sufficient to enable them to overcome such temporary payments difficulties. It would, however, be neither practicable nor desirable to make the amount of Fund assistance dependent on any automatic formula related to fluctuations in the proceeds of commodity exports, or to provide any separate form of Fund assistance to deal with export fluctuations alone.

While the primary producing countries can themselves do much to keep their economies on an even keel despite fluctuations of world markets, and while access to Fund resources should go far to relieve their payments difficulties arising from this source, the industrialized countries also have a considerable part to play in keeping world markets relatively steady. In the first place, they should maintain their efforts to mitigate the sharp fluctuations in their demand for primary products, such as arise from booms and recessions, and, in particular, to avoid any danger of a relapse into a deep depression such as occurred in the 1930's. Secondly, they can ensure that their arrangements for the protection of domestic agriculture do not exercise a depressing or disturbing effect on world trade in primary products. Thirdly, they can increase their efforts to provide an adequate and stable flow of long-term capital to the less-developed countries, and, finally, as I have already said, they can make every effort to ensure that no additional obstacles of any kind are put in the way of world trade in primary products.

Review Past Growth Periods Without Inflation

From the outbreak of war in 1939 up to 1957-58, there was an almost uninterrupted increase in the general level of world prices, and the general public in many countries became accustomed to such an increase—and had begun to take it more or less for granted. Now that this assumption seems no longer valid, more caution is called for both in relation to cost increases and in other respects. In this new situation new problems will arise; and the prospects for achieving a high rate of growth is often discussed. A study of the past shows that growth has occurred under the most varied conditions; we find a high rate of growth in the period of declining prices from 1873 to 1895; we find there was growth, perhaps at not quite so high a rate, in the period of rising prices from 1900 to 1914; there was a further period of substantial growth under conditions of a more or less stable price level in the 1920's; and a high rate in the years following the Second World War.

As far as our knowledge goes, we cannot conclude that increasing prices are essential for growth, or that they even favor growth. Whenever there is great technical progress, and therefore a strong demand for capital, the limiting factor is the availability of savings—and confidence in the currency is without doubt more likely to ensure a higher rate of savings. There is therefore every reason to affirm that the maintenance of a relatively stable price level provides the most reliable basis for sustained growth. But one proviso must be kept in mind: in each of the periods I have mentioned, economic practices generally had to be adjusted to the prevailing price trend. Practices appropriate at a time when prices are rising would not be appropriate when stability prevails.

Now that the period of postwar inflation seems to have come to an end, one of the most important tasks is to learn how to live without inflation. Those people and those countries who make this adjustment most rapidly will best profit from the advantages of modern techniques of production and marketing, and will be able to achieve a higher standard of living.

Considering that the experience of businessmen and labor leaders over the last 20 years has been gained under conditions of an inflationary rise in prices, there is need for a readjustment in attitudes and behavior that may not always be easy.

It has been one of the characteristics of our economic life since the time of the Industrial Revolution that we have been presented over and over again with new situations requiring a fresh appraisal of the conditions under which we can pursue our activities. Economic and social considerations are necessarily intermingled in this whole process, and I think that the most favorable results will be gained when due weight is given both to economic exigencies and the desire for social improvements. In the present situation, in which it is necessary to take a new look at many problems, I believe it has been appropriate to draw the attention of the Economic and Social Council to the changes in price trends and general attitudes that have taken place, and to the importance of finding the proper solutions of our problems in this new situation.

*An address by Mr. Jacobsson before the Economic and Social Council of the United Nations, New York City, April 8, 1960.

First Investors Advances Two

John D. Case, President of First Investors Corporation, 120 Wall Street, New York City, distributor of contractual plans and mutual funds, announced over the week-end the following promotions: David D. Grayson has been named First Vice-President. He will be in charge of all branch office operations. John H. Kostmayer has been named Vice-President and sales coordinator. He has also been elected a member of the board of directors.

Securities Now in Registration

★ **INDICATES ADDITIONS SINCE PREVIOUS ISSUE**
• **ITEMS REVISED**

• **Aero Industries, Inc. (5/16-20)**
March 11 filed 250,000 shares of common stock (par 25 cents). **Price** — $3.30 per share. **Proceeds** — For new equipment, expansion of the business, and general corporate purposes. **Office**—Pottstown, Pa. **Underwriter**—Myron A. Lomasney & Co. of New York City.

Agricultural Research Development, Inc. (5/2-6)
Jan. 25 filed 200,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To purchase land, to construct buildings, and provide necessary equipment and capital to engage in a hog raising enterprise. **Office**—Wiggins, Colo. **Underwriter**—W. Edward Tague Co., Pittsburgh, Pa. **Note**—This statement is being revised.

★ **Albaro Corp.**
March 31 (letter of notification) 560,000 shares of common stock (par $1) to be offered in exchange for 14,000,000 shares of common stock of Yucca Mining & Petroleum Co., Inc., on the basis of one share of Albaro for 25 shares of Yucca. **Office**—634 N. La Brea Ave., Los Angeles, Calif. **Underwriter**—Standard Registrar & Transfer Co., P. O. Box 6111, Albuquerque, N. M.

★ **Allegheny Ludlum Steel Corp.**
April 11 filed 50,000 shares of common stock, to be issued in connection with the company's Thrift Plan for eligible employees. **Office**—2000 Oliver Building, Pittsburgh, Pa.

• **Allied Bowling Centers, Inc.**
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed.

• **All-State Properties, Inc. (5/2-6)**
March 17 filed 870,132 shares of capital stock, to be offered for subscription by holders of outstanding shares of such stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce current indebtedness and for future operations. **Office**—Floral Park, L. I., N. Y. **Underwriters**—Bear, Stearns & Co. and Allen & Co., both of New York City.

★ **Alstonynx, Inc.**
April 5 (letter of notification) 300,000 shares of common stock of which 150,000 shares are to be offered to promoters and 150,000 shares to the public. **Price**—$1 per share. **Proceeds**—For working capital. **Office**—c/o Dean Breeze, President, 2512 Reynolds Avenue, Las Vegas, Nev. **Underwriter**—None.

Alterman-Big Apple, Inc. (5/2-6)
March 18 filed 403,310 shares of common stock (par $2.50), of wihch 60,000 shares are to be offered for public sale on behalf of the issuing company. Of the remaining 343,310 shares (all outstanding), 168,310 are to be offered by Bankers Securities Corp. and 175,000 by certain other individuals. **Price**—$18 per share. **Proceeds**—To repay indebtedness, for working capital and other corporate purposes. **Office**—933 Lee St., S. W., Atlanta, Ga. **Underwriter**—Van Alstyne, Noel & Co., New York.

★ **Aluminium Ltd.**
April 6 filed 16,700 shares of capital stock, to be offered pursuant to the company's Employee Share Purchase Plan. **Office**—Montreal, Canada.

• **American Bowling Enterprises, Inc. (5/2-6)**
Feb. 25 filed 100,000 shares of common stock (par $1), and 100,000 class A purchase warrants, to be offered in units of one warrant with each share. The class A warrants give the right to purchase the stock at $7.50 per share for the first six months, at $8.50 per share from the seventh to the 24th month, and at $9 per share from the 25th to the 30th month. **Price**—$7.50 per unit. **Proceeds**—For the construction of new bowling centers. **Office** — Rochester, N. Y. **Underwriter** — Myron A. Lomasney & Co., New York City.

American Convalescent Foundation, Inc.
March 31 (letter of notification) 60,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To pay the balance on new land, retirement of short-term bank loans, payment for additional equipment and furnishings and for working capital. **Office**—3267 Southeast Hawthorne Boulevard, Portland, Ore. **Underwriter**—Jerry A. Barfoot, Portland, Ore.

American Frontier Life Insurance Co. (5/2-6)
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

• **American Land Co. (4/20)**
Dec. 14 filed 300,000 shares of class A preference stock ($15 par) and 300,000 shares of common stock, to be offered in units of one share of preference and one share of common, subsequently amended to 200,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—For property acquisition and development. **Office**—49 E. 53rd Street, New York City. **Underwriter**—Hemphill, Noyes & Co.

• **American Life Fund, Inc.**
Feb. 17 filed 1,250,000 shares of capital stock (par $1). **Price**—$20 per share. **Proceeds**—For investment. **Investment-Advisor** — Insurance Securities Inc., Oakland, Calif. **Underwriter**—The First Boston Corp., New York. **Note**—This statement is to be withdrawn.

Continued on page 35

NEW ISSUE CALENDAR

April 15 (Friday)

American Molded Fiberglass Co. ---------- Common
(Michael Fieldman) $300,000

Transworld Equipment Corp. ---------- Common
(Michael Fieldman) $279,664

April 18 (Monday)

American Telemail Service, Inc. ---------- Common
(Edgar B. Hunt Co.) $1,500,000

Applied Electronics Corp. of N. J. ---------- Class A
(S. D. Fuller & Co.) 200,000 shares

Automation Systems, Inc. ---------- Common
(B. Fennekohl & Co., Inc.) $150,000

Avis, Inc. ---------- Common
(W. E. Hutton & Co.) 20,000 shares

Avis, Inc. ---------- Debentures
(W. E. Hutton & Co.) $5,000,000

Baltimore Paint & Chemical Corp. ---------- Preferred
(P. W. Brooks & Co.) $1,800,000

Baltimore Paint & Chemical Corp. ---------- Bonds
(P. W. Brooks & Co.) $750,000

Baltimore Paint & Chemical Corp. ---------- Debentures
(P. W. Brooks & Co.) $750,000

Burnell & Co. ---------- Common
(Milton D. Blauner & Co.) $600,000

Century Properties ---------- Common
(Pacific Coast Securities Co. and Arthur B. Hogan, Inc.) 75,000 shares

Circuitronics, Inc. ---------- Common
(Lloyd, Miller & Co.) $300,000

C. W. S. Waveguide Corp. ---------- Common
(R. F. Dowd & Co., Inc.) $300,000

Dade Metal Fabrications, Inc. ---------- Common
(R. A. Holman & Co., Inc.) $200,000

Don Mott Associates, Inc. ---------- Common
(Leon H. Sullivan, Inc.) $1,617,500

Forest Hills Country Club Ltd. ---------- Common
(Jerome Robbins & Co.) $300,000

General Casting Corp. ---------- Common
(Bertner Bros. and Earl Edden Co.) $300,000

General Development Corp. ---------- Debentures
(Goldman, Sachs & Co.) $12,555,600

Henry's Drive-In, Inc. ---------- Common
(Westheimer & Co.) $250,000

I C Inc. ---------- Common
(Purvis & Co. and Amos C. Sudler & Co.) $1,500,000

Kahr Bearing Corp. ---------- Common
(Morris Cohon & Co.) $300,000

Keystone Electronics Co., Inc. ---------- Common
(J. A. Winston & Co., Inc. and Netherlands Securities, Inc.) $600,000

Lawn Electronics Co., Inc. ---------- Common
(Prudential Securities Corp.) $105,000

Megadyne Electronics, Inc. ---------- Common
(Glenn Arthur Co., Inc.) $300,000

Melville Shoe Corp. ---------- Debentures
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $12,000,000

Mills Factors Corp. ---------- Common
(Lee Higginson Corp. and C. E. Unterberg, Towbin Co.) $2,293,060

Mobilife Corp. ---------- Common
(Plymouth Bond & Share Corp.) $1,000,000

Nuclear Materials & Equipment Corp. ---------- Common
(Moore, Leonard & Lynch) 45,000 shares

Rap-In-Wax Co. ---------- Common
(Dean Witter & Co.) 107,290 shares

Realty Equities Corp. ---------- Common
(Sutro Bros. & Co.) $787,500

Straza Industries ---------- Capital
(J. A. Hogle & Co.) 230,000 shares

Sunair Electronics, Inc. ---------- Common
(Frank Karasik & Co., Inc.) $600,000

Tayco Developments, Inc. ---------- Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $154,962.50

Taylor Devices, Inc. ---------- Common
(Offering to stockholders—underwritten by C. E. Stoltz & Co.) $537,788.75

Tenax, Inc. ---------- Common
(Myron A. Lomasney) $600,000

United Components, Inc. ---------- Common
(Darius, Inc.) 110,000 shares

Wallson Associates, Inc. ---------- Common
(Russell & Saxe and First Broad Street Corp.) $300,000

April 19 (Tuesday)

B T U Engineering Corp. ---------- Common
(Clayton Securities Corp.) $300,000

Captains Club, Inc. ---------- Common
(G. Everett Parks & Co., Inc. and Sulco Securities, Inc.) $1,000,000

April 20 (Wednesday)

American Land Co. ---------- Preference
(Hemphill, Noyes & Co.) 300,000 shares

American Land Co. ---------- Common
(Hemphill, Noyes & Co.) 300,000 shares

Australia (Commonwealth of) ---------- Bonds
(Morgan Stanley & Co.) $25,000,000

Menu-Matics, Inc. ---------- Common
(Pleasant Securities Co.) $285,000

Middle South Utilities, Inc. ---------- Common
(Bids 3:45 p.m. EST) 650,000 shares

Nesbitt (John J.), Inc. ---------- Common
(Hornblower & Weeks) 120,000 shares

NAFI Corp. ---------- Capital
(Shields & Co.) 200,000 shares

Puget Sound Power & Light Co. ---------- Bonds
(Bids 12 noon EST) $20,000,000

Rajac Self-Service, Inc. ---------- Common
(Walter R. Blaha & Co., Inc.) $300,000

Transcontinental Gas Pipe Line Corp. ---------- Bonds
(White, Weld & Co. and Stone & Webster Securities Corp.) $35,000,000

Transcontinental Gas Pipe Line Corp. ---------- Common
(White, Weld & Co. and Stone & Webster Securities Corp.) 800,000 shares

Union Financial Corp. ---------- Common
(White, Weld & Co.; The Ohio Co. and Sanders & Co.) 325,000 shares

April 21 (Thursday)

Louisville & Nashville RR. ---------- Equip. Trust Ctfs.
(Bids to be received) $7,980,000

April 22 (Friday)

Raymond Corp. ---------- Common
(George D. B. Bonbright & Co.) $300,000

April 25 (Monday)

Aviation Employees Corp. ---------- Common
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000

Carolina Pacific Plywood, Inc. ---------- Capital
(Peter Morgan & Co.) 100,000 shares

Crawford Corp. ---------- Common
(A. G. Becker & Co., Inc.) 200,000 shares

Custom Craft Marine Co., Inc. ---------- Common
(R. A. Holman & Co., Inc.) $255,000

Deltown Foods, Inc. ---------- Common
(A. G. Becker & Co., Inc.) 115,000 shares

Deluxe Aluminum Products, Inc. ---------- Common
(R. A. Holman & Co., Inc.) $350,000

Deluxe Aluminum Products, Inc. ---------- Debentures
(R. A. Holman & Co., Inc.) $330,000

General Shale Products Corp. ---------- Common
(Equitable Securities Corp.) 220,605 shares

Glass Magic Boats, Inc. ---------- Common
(R. A. Holman & Co., Inc.) 68,000 shares

Glass Magic Boats, Inc. ---------- Debentures
(R. A. Holman & Co., Inc.) $51,000

Greater Washington Industrial Investments, Inc. ---------- Common
(Johnston, Lemon & Co. and Auchincloss, Parker & Redpath) $3,000,000

Hamilton Management Corp. ---------- Common
(Kidder, Peabody & Co.) 320,000 shares

Howe Plastics & Chemical Companies, Inc. ---------- Com.
(Hilton Securities, Inc.) $100,000

Majestic Specialties, Inc. ---------- Common
(Hayden, Stone & Co.) 150,000 shares

Metropolitan Broadcasting Corp. ---------- Debentures
(Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co.) $6,000,000

Monarch Tile Manufacturing, Inc. ---------- Common
(Rauscher, Pierce & Co., Inc.) 58,337 shares

National Lawn Service Corp. ---------- Common
(Fund Planning Inc.) $300,000

New Jersey Natural Gas Co. ---------- Debentures
(Offering to stockholders—underwritten by Allen & Co.) $3,830,000

Pacemaker Boat Trailer Co., Inc. ---------- Common
(Jacey Securities Co. and First City Securities, Inc.) $300,000

Pendleton Tool Industries, Inc. ---------- Common
(Kidder, Peabody & Co. and McDonald & Co.) 50,000 shares

Premier Industrial Corp. ---------- Common
(A. G. Becker & Co., Inc.) 212,500 shares

Renner, Inc. ---------- Common
(Stroud & Co., Inc.) $300,000

Seaboard Plywood & Lumber Corp. ---------- Debentures
(Peter Morgan & Co.) $300,000

Seaboard Plywood & Lumber Corp. ---------- Common
(Peter Morgan & Co.) 30,000 shares

Service Instrument Corp. ---------- Common
(Pearson, Murphy & Co., Inc.) $300,000

Spring Street Capital Co. ---------- Common
(William R. Staats & Co.) 3,000 shares

Superior Electric Co. ---------- Common
(Lee Higginson Corp.) 150,000 shares

Telectro Industries Corp. ---------- Debentures
(Milton D. Blauner & Co., Inc.) $1,000,000

Teletray Electronic Systems, Inc. ---------- Common
(A. T. Brod & Co.) $450,000

Thermal Industries of Florida, Inc. ---------- Common
(Peter Morgan & Co.) $720,000

Universal Fabricators, Inc. ---------- Common
(S. Schramm & Co., Inc.) $500,000

Wells Industries Corp. ---------- Common
(A. T. Brod & Co.) 300,000 shares

Whitmoyer Laboratories, Inc. ---------- Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc. ---------- Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

Wolverine Shoe & Tanning Corp. ---------- Common
(A. G. Becker & Co., Inc.) 100,000 shares

April 26 (Tuesday)

Metal Goods Corp. ---------- Common
(G. H. Walker & Co.) 100,000 shares

Metropolitan Edison Co. ---------- Bonds
(Bids 11 a.m. EST) $15,000,000

April 27 (Wednesday)

Microdot Inc. ---------- Capital
(White, Weld & Co.) 204,000 shares

April 28 (Thursday)

Cincinnati Gas & Electric Co. ---------- Bonds
(Bids 11:00 a.m. EST) $30,000,000

Dynex, Inc. ---------- Common
(Myron A. Lomasney & Co.) 54,000 shares

Holt, Rinehart & Winston, Inc. ---------- Common
(Goldman, Sachs & Co.; Allen & Co. and Shearson, Hammill & Co.) 331,740 shares

April 29 (Friday)

Weldotron Corp. ---------- Common
(Arnold Malkan & Co., Inc. and Street & Co., Inc.) $199,998

May 2 (Monday)

Agricultural Research Development, Inc. ---------- Common
(W. Edward Tague Co.) $1,000,000

All-State Properties, Inc. ---------- Capital
(Offering to stockholders—underwritten by Bear, Stearns & Co. and Allen & Co.) 870,132 shares

Alterman-Big Apple, Inc. ---------- Common
(Van Alstyne, Noel & Co.) $7,259,580

American Bowling Enterprises, Inc. ---------- Common
(Myron A. Lomasney & Co.) 100,000 shares

American Bowling Enterprises, Inc. ---------- Warrants
(Myron A. Lomasney & Co.) 100,000 warrants

American Frontier Life Insurance Co. ---------- Capital
(Union Securities Investment Co.) $1,600,000

American Security Corp.________________Capital
(Alex Brown & Sons; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.; Johnston, Lemon & Co. and Kidder, Peabody & Co.) 100,000 shares

Audion-Emenee Corp. ____________________Common
(Pistell, Schroeder & Co., Inc. and Bertner Bros.) 100,000 shares

Big Laurel, Inc.________________________Common
(Pearson, Murphy & Co., Inc. and Mackay & Co.) 400,000 shares

Big Laurel, Inc.________________________Preferred
(Pearson, Murphy & Co., Inc. and Mackay & Co.) 400,000 shares

Cabana Pools, Inc.______________________Common
(Mandell & Kahn, Inc.) $300,000

Capital Airlines, Inc.__________________Common
(Lehman Brothers and Smith, Barney & Co.) 909,659 shares

Dalto Corp. ____________________________Common
(No underwriting) 134,739 shares

Dubois Chemicals, Inc.__________________Common
(Allen & Co.) 200,000 shares

Farrington Manufacturing Co.__________Debentures
(Cyrus J. Lawrence & Sons and Brawley, Cathers & Co.) $6,000,000

Florida Builders, Inc.__________________Common
(Jaffee & Co.) 800,000 shares

Founders Mutual Depositor Corp._________Common
(Hecker & Co.) $292,500

Friendly Frost Inc._____________________Common
(No underwriting) $1,125,000

Hampshire Gardens Associates_____________Units
(B. C. Morton & Co., Inc.) $376,000

Hawley Products Co. ____________________Common
(Dean Witter & Co.) 90,000 shares

Hydra-Power Corp. ____________________Debentures
(Aetna Securities Corp. and D. Gleich Co.) $600,000

Ionics, Inc. ___________________________Common
(Lee Higginson Corp.; Shields & Co. and C. E. Unterberg, Towbin Co.) 75,000 shares

Magnin (Joseph) Co., Inc._____________Debentures
(F. S. Smithers & Co.) $1,250,000

Magnin (Joseph) Co., Inc._______________Common
(F. S. Smithers & Co.) 78,000 shares

Marquette Corp. ________________________Common
(Carl M. Loeb, Rhoades & Co. and Piper, Jaffray & Hopwood) 461,431 shares

Nalley's, Inc. _______________________Debentures
(Dean Witter & Co.) $1,000,000

Newark Electronics Corp.________________Common
(H. M. Byllesby & Co., Inc.) 200,000 shares

Ott Chemical Co.______________________Debentures
(Offering to stockholders—underwritten by H. M. Byllesby & Co., Inc.) $450,000

Pacific Panel Co._______________________Common
(Frank Karasik & Co., Inc.) $450,000

Pacific Vegetable Oil Corp.___________Debentures
(Dean Witter & Co. and Hooker & Fay, Inc.) $2,500,000

Precision Circuits, Inc.________________Common
(Myron A. Lomasney & Co.) 37,500 shares

Precision Circuits, Inc._______________Debentures
(Myron A. Lomasney & Co.) $250,000

Pyramid Mouldings, Inc._________________Common
(A. C. Allyn & Co., Inc. and Shillinglaw, Bolger & Co.) $1,738,000

Radiant Lamp Corp._____________________Class A
(Amos Treat & Co., Inc.) $600,000

Ritter Finance Co., Inc.______________Debentures
(Stroud & Co., Inc.) $1,500,000

Smilen Food Stores, Inc.________________Common
(Federman, Stonehill & Co.) 200,000 shares

Southwest Forest Industries, Inc._____Debentures
(White, Weld & Co.) $13,500,000

Southern Nevada Telephone Co.__________Preferred
(Dean Witter & Co.) 100,000 shares

Spartans Industries, Inc._______________Common
(Shearson, Hammill & Co. and J. C. Bradford & Co.) 120,000 shares

Teleregister Corp. ___________________Debentures
(Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros.) $6,000,000

Teleregister Corp. _____________________Common
(Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros.) 240,000 shares

Uranium Reduction Co.___________________Common
(A. C. Allyn & Co., Inc.) 200,000 shares

Uris Buildings Corp.__________________Debentures
(Kuhn, Loeb & Co.) $20,000,000

Uris Buildings Corp.____________________Common
(Kuhn, Loeb & Co.) 400,000 shares

May 3 (Tuesday)

Columbia Gas System, Inc._______________Common
(Bids 3:45 p.m. EDST) 1,400,000 shares

Dial Finance Co.________________________Common
(White, Weld & Co., Inc.) 300,000 shares

New Jersey Aluminum Extrusion Co, Inc.___Capital
(Laird & Co. Corp.) 110,000 shares

May 4 (Wednesday)

Chicago, Milwaukee, St. Paul & Pacific RR.______Equip. Trust Ctfs.
(Bids 1 p.m. EDT) $4,650,000

Mays (J. W.), Inc.______________________Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 317,500 shares

May 6 (Friday)

Maryland Credit Finance Corp.___________Common
(Alex Brown & Sons) 28,250 shares

May 9 (Monday)

Dworman Corp. __________________________Common
(Charles Plohn & Co.) $3,000,000

Dynamic Films, Inc._____________________Common
(Morris Cohon & Co.) $300,000

Englehard Industries, Inc.______________Common
(Dillon, Read & Co., Inc. and Lazard Freres & Co.) 400,000 shares

Ets-Hokin & Galvan, Inc.________________Common
(Van Alstyne, Noel & Co.) $1,325,000

Figurette, Ltd. ________________________Common
(Myron A. Lomasney & Co.) $600,000

First National Realty & Construction Corp.____Pfd.
(H. Hentz & Co.) 150,000 shares

First National Realty & Construction Corp.___Com.
(H. Hentz & Co.) 150,000 shares

First National Realty & Construction Corp.___War.
(H. Hentz & Co.) 150,000

Forest City Enterprises, Inc.___________Common
(Bache & Co.) 450,000 shares

FXR, Inc. ____________________________Debentures
(C. E. Unterberg, Towbin Co.) $2,000,000

Gem International, Inc._________________Common
(Bosworth, Sullivan & Co., Inc. and Scherck, Richter Co.) 100,000 shares

General Aeromation, Inc.________________Common
(Westheimer & Co.) $253,350

Litecraft Industries, Ltd.____________Debentures
(P. W. Brooks & Co.) $750,000

OK Rubber Welders, Inc.__________________Common
(Bosworth, Sullivan & Co., Inc.) 50,000 shares

Otarion Listener Corp.__________________Common
(D. A. Lomasney & Co.) $567,000

Pennsylvania Electric Co.________________Bonds
(Bids 12 noon EDST) $12,000,000

Squan Marina, Inc.______________________Common
(B. Fennekohl & Co.) $300,000

United States Boat Corp.________________Common
(Richard Bruce & Co., Inc.) $700,000

Yale Express System, Inc._______________Class A
(Michael G. Kletz & Co., Inc.) $1,650,000

Zero Manufacturing Co.__________________Common
(Shields & Co.) 200,000 shares

May 10 (Tuesday)

California Electric Power Co.____________Bonds
(Bids 9 a.m. PST) $12,000,000

Chemical Packaging Co., Inc.____________Common
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500

Goelet Corp. _________________________Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000

Goelet Corp. ___________________________Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares

Goelet Corp. ___________________________Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000

Nuclear Research Chemicals, Inc.________Common
(Security Associates, Inc.; George, O'Neill & Co., Inc. and Roman & Johnson) $200,000

Wisconsin Telephone Co._______________Debentures
(Bids to be invited) $20,000,000

May 16 (Monday)

Aero Industries, Inc. __________________Common
(Myron A. Lomasney & Co.) $825,000

American Stereophonic Corp._____________Common
(D. H. Victor & Co., Inc.) $100,000

Bevis Shell Homes, Inc._______________Debentures
(Bell & Hough, Inc. and G. H. Walker & Co.) $1,600,000

Bevis Shell Homes,, Inc.________________Common
(Bell & Hough, Inc. and G. H. Walker & Co.) 1,000,000 shares

Brush Beryllium Co._____________________Common
(Kuhn, Loeb & Co. and McDonald & Co.) 410,206 shares

Dymo Industries, Inc.___________________Capital
(William R. Staats & Co.) 50,000 shares

Electronic Assistance Corp._____________Common
(Amos Treat & Co., Inc.) 152,698 shares

Kenrich Petrochemicals, Inc.____________Common
(First Philadelphia Corp.) $192,500

Kenrich Petrochemicals, Inc.__________Debentures
(First Philadelphia Corp.) $175,000

Lite-Vent Industries, Inc.______________Common
(Peter Morgan & Co.) $520,000

Medallion Pictures Corp.______________Debentures
(Hancock Securities Corp.) $300,000

Missile Electronics, Inc._______________Common
(Pleasant Securities Co.) $643,500

Simmonds Precision Products, Inc._______Common
(Shearson, Hammill & Co.) 112,500 shares

Sire Plan of Normandy Isle, Inc.______Debentures
(Sire Plan Portfolios, Inc.) $225,000

Sire Plan of Normandy Isle, Inc._______Preferred
(Sire Plan Portfolios, Inc.) 4,500 shares

Telecomputing Corp. ____________________Common
(Dean Witter & Co.) 100,000 shares

United Financial Corp. of California___Debentures
(Lehman Brothers) $6,000,000

United Financial Corp. of California_______Capital
(Lehman Brothers) 120,000 shares

Viewlex, Inc. __________________________Class A
(Stanley Heller & Co.) $800,000

May 17 (Tuesday)

Milwaukee Gas Light Co.__________________Bonds
(Bids 11 a.m. EDT) $22,000,000

May 18 (Wednesday)

General Atronics Corp.__________________Common
(Harrison & Co.) $544,810

May 19 (Thursday)

Harburton Financial Corp._______________Common
(Simmons, Rubin & Co., Inc.) $298,500

May 23 (Monday)

Anken Chemical & Film Corp._____________Common
(Offering to stockholders—underwritten by R. W. Pressprich & Co. and Riter & Co.) 145,703 shares

Miller & Van Winkle Co._________________Class A
(Whitmore, Bruce & Co.) $225,000

Sierra Electric Corp.___________________Common
(Marron, Sloss & Co., Inc.) $900,000

May 24 (Tuesday)

Jersey Central Power & Light Co.__________Bonds
(Bids 11:00 a.m. N. Y. time) $7,000,000

May 25 (Wednesday)

Esquire Radio & Electronics, Inc._______Common
(Myron A. Lomasney Co.) $750,000

May 27 (Friday)

North Central Co._______________________Common
(No underwriting) 420,945 shares

May 31 (Tuesday)

Trans Tech Systems, Inc.________________Common
(Myron A. Lomasney & Co.) $650,000

May 31 (Tuesday)

Futterman Corp. ________________________Class A
(Reynolds & Co.) 660,000 shares

Patrick County Canning Co., Inc.________Common
(G. Everett Parks & Co., Inc.) $420,000

Reeves Broadcasting & Development Corp.____Com.
(Laird & Co. Corp.) $2,336,960

Wallace Properties, Inc.________________Common
(Harriman Ripley & Co., Inc.) 360,000 shares

Wallace Properties, Inc.______________Debentures
(Harriman Ripley & Co., Inc.) $12,000,000

June 2 (Thursday)

Southern Electric Generating Co.__________Bonds
(Bids to be invited) $40,000,000

June 7 (Tuesday)

Northwestern Bell Telephone Co._____Debentures
(Bids to be invited) $45,000,000

Washington Gas Light Co.__________________Bonds
(Bids 11:30 a.m. EDT) $12,000,000

July 7 (Thursday)

Gulf Power Co.________________________Preferred
(Bids to be invited) $5,000,000

Gulf Power Co.____________________________Bonds
(Bids to be invited) $5,000,000

July 13 (Wednesday)

Northern Illinois Gas Co._________________Bonds
(Bids to be invited) $25,000,000

June 14 (Tuesday)

Consolidated Edison Co. of New York_______Bonds
(Bids to be received) $50,000,000

July 19 (Tuesday)

New Jersey Power & Light Co.______________Bonds
(Bids to be invited) $6,000,000

August 9 (Tuesday)

Southwestern Bell Telephone Co._______Debentures
(Bids to be invited) $100,000,000

September 13 (Tuesday)

Virginia Electric & Power Co.____________Bonds
(Bids to be invited) $25,000,000

November 3 (Thursday)

Georgia Power Co._________________________Bonds
(Bids to be invited) $12,000,000

Continued from page 34

• American Molded Fiberglass Co. (4/15)
Jan. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—85 Fifth Ave., Paterson, N. J. **Underwriter** — Michael Fieldman, 82 Beaver St., New York, N. Y.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

• American Penn Life Insurance Co.
March 30 filed registration of 127,500 shares of capital stock (par $10) to be offered for subscription by stockholders of record on April 28, 1960. Subscription rate on 105,000 shares of the stock will be three additional shares for each one share held. Of the remaining 22,500 shares the offering will be on the basis of nine shares for each 14 shares held, and all unsold shares of this block will be offered under warrants granted in accordance with the company's Agent's Stock Option Plan. **Price**—$28 per share. **Proceeds** — To increase capital and surplus. **Office**—203 S. 15th St., Philadelphia, Pa. **Underwriter**—None.

American Security Corp. (5/2-6)
March 28 filed 100,000 shares of capital stock (par $2). The company is an affiliate of American Security & Trust Co. by reason of the fact that each of their stockholders owns the same number of outstanding shares of each entity. It is proposed to offer the 100,000 shares of American Security stock and a like number of shares of the $10 par capital stock of the Trust Company in units of one share of stock of each issuer; and the units are to be offered for subscription by stockholders of each issuer at the rate of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—American Security will use its proceeds in part to repay current indebtedness incurred incident to the purchase of the non-banking assets of The City Bank of Washington, with the balance added to working capital for general corporate purposes. **Office**—734 15th Street, N. W., Washington, D. C. **Underwriters**—Alex Brown & Sons, Baltimore, Md.; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc. and Johnston Lemon & Co., Washington, D. C.; and Kidder, Peabody & Co., New York.

★ American Stereophonic Corp. (5/16-20)
April 11 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—17 W. 60th St., New York, N. Y. **Underwriter**—D. H. Victor & Co., Inc., New York, N. Y.

• American Telemail Service, Inc. (4/18-22)
Dec. 8 filed 375,000 shares of common stock. **Price**—$4.00 per share. **Proceeds**—For establishing airmail facilities at airports. **Office**—518 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Edgar B. Hunt Co., New York City.

★ Anken Chemical & Film Corp. (5/23)
April 7 filed 145,703 shares of common stock, to be offered for subscription by holders of outstanding common stock at the rate of one new share for each six shares held. **Price** — To be supplied by amendment. **Proceeds**—$1,950,000 will be applied toward the purchase of certain properties and assets of the Sperry Rand Corp.; $140,000 will be used to retire short-term bank loans; and the balance for general corporate purposes. **Office** — 1 Hicks Ave., Newton, N. J. **Underwriters**—R. W. Pressprich & Co. and Riter & Co., both of New York.

Applied Electronics Corp. of N. J. (4/18-22)
March 11 filed 200,000 shares of class A stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—$45,000 is to be used for the purchase of stock of Diversified Industries Corp.; $33,000 for repayment of indebtedness owing to management officials; $150,000 for the establishment of laboratory and sales facilities in Dallas and sales and service facilities in Los Angeles; $200,000

Continued on page 36

Continued from page 35

for research and development; and the balance for working capital. Office—22 Center St., Metuchen, N. J. Underwriter—S. D. Fuller & Co., New York.

• Audion-Emenee Corp. (5/2-6)
March 29 filed 100,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds — For working capital. Office—New York City. Underwriters —Pistell, Schroeder & Co., Inc., and Bertner Bros., both of New York City.

• Australia (Commonwealth of) (4/20-21)
March 31 filed $25,000,000 of 20-year bonds, due April 15, 1980. Price—To be supplied by amendment. Proceeds —To be added to the Commonwealth's international reserves; and the Australian currency equivalent thereof will be applied towards capital works expenditures being financed under the borrowing program for 1959-60 approved by the Australian Loan Council for the Governments of the Commonwealth and the States. Underwriter—Morgan Stanley & Co., New York.

• Automation Systems, Inc. (4/18-22)
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). Price—$1 per share. Proceeds —For general corporate purposes. Office—150-34 12th Avenue, Whitestone 57, N. Y. Underwriter—B. Fennekohl & Co., Inc., New York, N. Y.

• Aviation Employees Corp. (4/25-29)
Feb. 8 filed 2,500,000 shares of common stock. Price—$2 per share. Proceeds—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. Office—930 Tower Bldg., Washington, D. C. Underwriters—G. J. Mitchell Jr. Co., Washington, D. C.; and Ralph B. Leonard & Sons, Inc., of New York City.

Avis, Inc. (4/18-22)
March 1 filed $5,000,000 of subordinated convertible debentures, due April 1, 1970, and 200,000 shares of common stock (par $5). Price—To be supplied by amendment. Proceeds — The company anticipates that a portion will be used for advances to or investments in one or more of its subsidiaries for their general business purposes. In addition the company may also apply a portion of the proceeds to the acquisition of additional businesses and to the prepayment of part of its outstanding long-term debt and to the temporary reduction of outstanding borrowings under a 6% revolving credit loan. Office—18 Irvington Street, Boston, Mass. Underwriter—W. E. Hutton & Co., New York.

★ B T U Engineering Corp (4/19)
March 31 (letter of notification) 100,000 shares of common stock (par 10 cents). Price—$3 per share. Proceeds —To purchase a tract of land and for working capital. Office—100 W. 10th St., Wilmington, Del. Underwriter —Clayton Securities Corp., Boston, Mass.

• Baltimore Paint & Chemical Corp. (4/18-22)
Jan. 22 filed (a) $750,000 of sinking fund debentures, 6½ series, due 1975 with eight-year warrants for the purchase of 22,500 common shares at the rate of 30 shares for each $1,000 of debentures; (b) 90,000 shares of 6½% cumulative convertible first preferred stock (par $20) and (c) $750,000 of 6¼% first mortgage bonds, due 1972, sold to New York Life Insurance Co., along with 12-year warrants granted said insurance company to purchase 15,000 shares of the issuer's common at a price to be specified. Prices—For the debentures, at par; for the preferred, $20 per share. Proceeds—For general corporate purposes including repayment of loan, purchase of land, construction, purchase of machinery and equipment, and for working capital. Office—2325 Annapolis Avenue, Baltimore, Md. Underwriter—P. W. Brooks & Co., New York City.

Beltone Recording Corp.
Feb. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). Price—$2 per share. Proceeds —For general corporate purposes. Office—4 W. 31st Street, New York 1, N. Y. Underwriter—A. J. Gabriel Co., Inc., New York, N. Y.

• Bevis Shell Homes, Inc. (5/16)
March 30 filed $1,600,000 of 9% subordinated sinking fund debentures due 1985 and 1,000,000 shares of common stock, to be offered for public sale in units (200,-000), at $15.50 per unit, each unit to consist of five common shares, one $8 par debenture, and warrants for the purchase of two additional units of one common share and one $8 debenture at $9.50 per unit. Proceeds—$2,-000,000 will be used to increase the company's holdings of mortgages placed on the shell homes it sells; and $1,-600,000 to be used to increase its holding of mortgages will be placed in escrow for that purpose; and the balance for general corporate purposes. Office—Tampa, Fla. Underwriters—G. H. Walker & Co., New York City and Beil & Hough, Inc. of St. Petersburg, Fla., as comanagers.

Big Laurel, Inc. (5/2-6)
March 22 filed 400,000 shares of 7% cumulative preferred stock (par $2.80) and 400,000 shares of common stock (par 10 cents), to be offered in units of one share of preferred and one share of common. Price—$3 per unit. Proceeds—To develop a resort community and for working capital. Office—Bryson City, N. C. Underwriters—Pearson, Murphy & Co., Inc., New York City, and Mackay & Co., Reading Pa.

Birtcher Corp.
March 29 filed $500,000 of 6% convertible subordinated debentures, due April 30, 1975. Price—At par. Proceeds —To pay bank loans incurred to augment working capital. Office — Los Angeles, Calif. Underwriter — Quincy Cass Associates, Los Angeles, Calif.

Bowers Battery & Spark Plug Co.
March 29 filed 280,000 shares of common stock (no par), of which 250,000 shares will be offered for public sale at $6 per share and 30,000 shares will be offered to selected employees at $5.40 per share. Proceeds — Between $200,000 and $300,000 is expected to be expended before 1961 for starting up costs, including initial rents of the new plant in the southeastern portion of the United States which it hopes to obtain and open before the end of the year; an additional $250,000 is expected to be expended either by the company or through its subsidiaries for the improvement of certain of its manufacturing facilities, such as additional mechanization and material control handling and for experimental work in connection with beryllium; and the balance of the proceeds will be added to the company's general funds. Office—Reading, Pa. Underwriter — Dempsey-Tegeler & Co., St. Louis and New York. Offering — Expected in early May.

★ Brush Beryllium Co. (5/16-20)
April 11 filed 410,206 shares of common stock, of which 260,000 shares are to be offered for the account of the issuing company and 150,206 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. Price — To be supplied by amendment. Proceeds — For expansion. Office—Cleveland, Ohio. Underwriters—Kuhn, Loeb & Co., New York City, and McDonald & Co., Cleveland.

★ Burndy Corp., Norwalk, Conn.
April 6 filed $300,000 of Participations in the company's Employees' Stock Option Plan, together with an unspecified number of common shares to be offered pursuant thereto.

• Burnell & Co. (4/18-22)
Feb. 15 filed 200,000 shares of common stock. Price—$3 per share. Proceeds—To repay bank loan; for manufacture of magnetic amplifiers; for establishment of a new crystal filter division; for the purchase of new automatic winding and testing and production equipment; and for working capital. Office—10 Pelham Parkway, Pelham Manor, N. Y. Underwriter — Milton D. Blauner & Co., New York.

C-E-I-R, Inc.
March 30 filed 122,000 shares of class A voting stock. The company proposes to offer this stock for subscription by holders of outstanding class A voting and class B non-voting stock, at the rate of one new share for each four shares held. Price—To be supplied by amendment. Proceeds—To be used to the extent necessary to defray the full cost of the Telecomputing Services acquisition, and the balance will be applied to "other phases of the program." Office—1200 Jefferson Davis Highway, Arlington, Va. Underwriter—To be supplied by amendment.

• C. W. S. Waveguide Corp. (4/18)
March 9 (letter of notification) 300,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For general corporate purposes. Office—301 W. Hoffman Ave., Lindenhurst, N. Y. Underwriter—R. F. Dowd & Co., Inc., 39 Broadway, New York 6, N. Y.

• Cabana Pools, Inc. (5/2-6)
March 31 (letter of notification) 150,000 shares of common stock (par 10 cents). Price—$2 per share. Proceeds — For general corporate purposes. Office — 640 Fifth Avenue, New York, N. Y. Underwriter — Mandell & Kahn, Inc., Time-Life Building, Rockefeller Center, New York, N. Y.

California Electric Power Co. (5/10)
April 5 filed $12,000,000 of first mortgage bonds, series due in 1990. Proceeds—To discharge short-term bank loans of some $9,500,000 and for the company's construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co. Bids—Expected to be received up to 9 a.m. (PST) on Tuesday, May 10, in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

Capital Airlines, Inc. (5/2-6)
Jan. 26 filed 909,659 shares of common stock on the basis of one additional share for each share held, with rights to expire 14 days after offering date. Proceeds — To broaden equity base. Office — Washington National Airport, Washington 1, D. C. Underwriters — Lehman Brothers and Smith, Barney & Co., New York, N. Y.

• Captains Club, Inc. (4/19)
Jan. 22 filed 500,000 shares of common stock. Price—$2 per share. Proceeds—For retirement of $52,860 of 6% notes and the balance for operating funds and working capital. Office—381 Fifth Avenue, New York City. Underwriters—G. Everett Parks & Co., Inc., and Sulco Securities, Inc., both of 52 Broadway, New York City.

• Carolina Pacific Plywood, Inc. Medford, Ore. (4/25-29)
Feb. 29 filed 100,000 shares of capital stock (no par). Price—To be supplied by amendment. Proceeds—To increase the company's working capital and to aid in financing log inventories at peak periods. Underwriter—Peter Morgan & Co., New York.

• Century Properties (4/18)
March 31 filed 75,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—For repayment of unsecured bank loans; for payment of the balance of a down payment on the purchase price of property in Ventura, Calif.; to pay the balance of construction costs on a building in Torrance, Calif. and for working capital. Office—1738 S. La Cienga Boulevard, Los Angeles, Calif. Underwriters—Pacific Coast Securities Co. of San Francisco, Calif. and Arthur B. Hogan, Inc. of Burbank, Calif.

Certified Credit & Thrift Corp.
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. Price —$20.20 per unit. Proceeds—To pay mortgages. Office —Columbus, Ohio. Underwriter—Commonwealth Securities Corp., Columbus. Offering—Imminent.

• Charlotte Motor Speedway, Inc.
Jan. 21 filed 304,000 shares of common stock (par $1), to be offered to common stockholders of record Feb. 15 at the rate of 2 new shares for each 3 shares then held. Price—$2 per share, initially; after 15 days from the offering date, the underwriter will offer unsubscribed shares to purchasing stockholders for an additional 10 days, after which such shares may be publicly offered. Proceeds—For construction of a speedway and its accessories. The issuer expects to stage its first stock car race in May. Office—108 Liberty Life Building, Charlotte, N. C. Underwriter—Morrison & Co., Charlotte. Offering—Imminent.

Chemical Packaging Co., Inc. (5/10)
March 16 (letter of notification) 115,000 shares of common stock (par 10 cents). Price—$2.50 per share. Proceeds — For general corporate purposes. Office — 755 Utica Avenue, Brooklyn, N. Y. Underwriters—Mainland Securities Corp., 156 N. Franklin Street, Hempstead, N. Y. and Jeffrey-Robert Corp., 382 S. Oyster Bay Road, Hicksville, L. I., N. Y.

Cincinnati Gas & Electric Co. (4/28)
March 22 filed $30,000,000 of first mortgage bonds due May 1, 1990. Proceeds—To be used to finance a portion of the company's construction program, to repay $4,000,000 of bank notes, and for other corporate purposes. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Morgan Stanley & Co. and W. E. Hutton & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Lehman Brothers (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). Bids—Expected to be received on April 28, up to 11:00 a.m. (EST) at the Irving Trust Co., One Wall Street, New York City.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,-000 of debentures (10-year 8% redeemable). Price—For stock, $1 per share; debentures in units of $1,000 at their principal amount. Proceeds—For initiating sight-seeing service. Office—Washington, D. C. Underwriter—None.

• Circuitronics, Inc. (4/18-22)
Feb. 9 (letter of notification) 75,000 shares of class A common stock (par one cent). Price—$4 per share. Proceeds—For general corporate purposes. Office—121 Varick Street, New York, N. Y. Underwriter—Lloyd, Miller & Co., 2605 Connecticut Avenue, N. W., Washington, D. C.

Colanco, Inc.
Jan. 19 (letter of notification) 300,000 shares of preferred (no par), seven cents per share dividend paying after March 1, 1962, non-cumulative, non-voting stock. Price—$1 per share. Proceeds—To purchase land and for development and working capital. Office—3395 S. Bannock Street, Englewood, Colo. Underwriter—Diversified Securities, Inc., Englewood, Colo. Note—This statement is being amended. Offering—Imminent.

★ Colgate-Palmolive Co.
April 8 filed $3,000,000 of participations in its Employees Savings and Investment Plan, together with 54,237 shares of common stock which may be acquired pursuant to said plan. Office—300 Park Avenue, New York City.

Columbia Gas System, Inc. (5/3)
March 25 filed 1,400,000 shares of common stock (par $10). Proceeds—Together with other available funds, including funds generated from operations during 1960 and funds to be obtained from additional financing in 1960, will be used to satisfy the demands in 1960 upon such general funds, including particularly the 1960 construction program of Columbia Gas subsidiaries. Underwriters —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Morgan Stanley & Co., Lehman Brothers, Eastman Dillon, Union Securities & Co. and Goldman, Sachs & Co. (jointly). Bids—To be received on May 3 up to 3:45 p.m. New York Time. Information—On April 28 and 29, by appointment at the company's office, 120 East 42nd Street, New York.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. Price—To be supplied by amendment. Proceeds — To construct refinery. Underwriter—Lehman Brothers, New York. Offering—Indefinite.

Consolidated Realty Investment Corp.
March 11 filed 2,000,000 shares of common stock. Price —$1 per share. Proceeds—Of the proceeds, $1,226,500 will be used for the acquisition of properties, $300,000 as a reserve for development expense, and the balance for working capital and other corporate purposes. Office —1321 Lincoln Ave., Little Rock, Ark. Underwriter—The Huntley Corp.

Constellation Life Insurance Co.
March 29 filed 1,350,000 shares of common stock, of which 350,000 shares will be reserved for stock options, 150,000 shares will be offered to holders of the outstanding common on a "first-come-first-served" basis at $3.25 per share, and 850,000 shares will be publicly offered. Price—$3.50 per share. Proceeds—To general funds.

Office — Norfolk, Va. **Underwriter** — Willis, Kenny & Ayres, Inc., Richmond, Va.

Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans, for expansion and development of new products, and for working capital. **Office**—715 Hamilton St., Geneva, Ill. **Underwriter**—Old Colony Investment Co., Stoneham, Mass.

★ **Core Craft, Inc.**
March 23 (letter of notification) 79,727½ shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For remodelling a factory, warehouse, purchase of equipment, tools, raw materials and working capital. **Address**—Jamestown, N. D. **Underwriter**—None.

★ **Cosmopolitan Insurance Co.**
March 30 (letter of notification) 58,000 shares of capital stock (Par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—4620 N. Sheridan Road, Chicago, Ill. **Underwriter**—Link, Gorman, Peck & Co., Chicago, Ill.

Cosnat Record Distributing Corp.
Feb. 29 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—315 W. 47th Street, New York, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y. **Offering**—Expected sometime in April.

● **Crawford Corp. (4/25-29)**
March 28 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for public sale for account of issuing company and the balance, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be initially added to working capital and used for general corporate purposes, including but not limited to the reduction of short-term bank loans ($5,921,872 outstanding at Dec. 31, 1959, including $5,199,800 of bank loans made directly to an unconsolidated subsidiary). It is contemplated that the additional funds will be used to acquire land for development or resale to dealers, construction loans to builder-dealers, expansion of the company's market area, and the possible manufacture and erection, in cooperation with builders, of "shell" house packages for completion by the home owner on a "do-it-yourself" basis. **Office**—7111 Florida Boulevard, Baton Rouge, La. **Underwriter**—A. G. Becker & Co., Inc., of Chicago and New York.

● **Custom Craft Marine Co., Inc. (4/25-29)**
March 28 (letter of notification) 85,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Niagara Street, Buffalo, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

● **Dade Metal Fabrications, Inc. (4/18-22)**
March 22 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To purchase land and erect a plant, additional tools, machinery and equipment, and for other working materials. **Office**—4798 Tenth Lane, Hialeah, Fla. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

● **Dalto Corp. (5/2)**
March 29 filed 134,739 shares of common stock, to be offered for subscription by holders of such stock of record May 2 at the rate of one new share for each two shares then held with rights to expire on June 3. **Price**—To be supplied by amendment. **Proceeds**—For the retirement of notes and additional working capital **Office**—Norwood, N. J. **Underwriter**—None.

Dart Drug Corp.
March 30 filed 200,000 shares of class A common stock, of which 170,000 shares are to be offered for public sale on behalf of the issuing company and 30,000 shares, being outstanding stock, on behalf of the present holders thereof. **Price**—$5 per share. **Proceeds**—For repayment of corporate indebtedness and for working capital. **Office**—5458 Third St., N. E., Washington, D. C. **Underwriter**—Hodgdon & Co., Washington, D. C.

● **Deltown Foods, Inc. (4/25-29)**
March 22 filed 115,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Yonkers, N. Y. **Underwriter**—A. G. Becker & Co., Inc., New York City.

Deluxe Aluminum Products, Inc. (4/25-29)
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla. **Underwriter**— R. A. Holman & Co., Inc.

★ **Dependable Life Insurance Co.**
March 30 (letter of notification) 80,000 shares of class A common stock (par $1) to be offered to holders of a double option life insurance policy and 30,000 shares of class B common stock (par $1) to be offered to certain of the company's salesmen. **Price**—$2 per share. **Proceeds**—For surplus and capital accounts. **Office**—4450 N. Central Ave., Phoenix, Ariz. **Underwriter**—None.

Development Credit Corp. of Maryland
March 29 filed 2,000,000 shares of common stock. **Price**—$1.10 per share. **Proceeds** — For general corporate purposes. **Underwriter**—None.

Dial Finance Co. (5/3)
March 25 filed 300,000 shares of common stock (no par), including 150,000 shares which are outstanding and will be offered for public sale by the holders thereof, and the remaining 150,000 will be offered for the company's account. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds and will be used initially to reduce short term debt. **Office**—207 Ninth St., Des Moines, Iowa, **Underwriter**—White, Weld & Co., Inc., New York.

Disc, Inc.
March 29 filed 2,221,017 shares of class A common stock. About 1,736,943 shares are to be exchanged for the capital interests in certain promissory notes, mortgages, real estate, and joint ventures, with the balance to be sold for the account of the present holders thereof. **Price**—To be supplied by amendment. **Office**—Washington, D. C. **Underwriter**—None.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

Dobson Brothers Construction Co.
March 30 (letter of notification) $300,000 of subordinated equipment notes to be offered in denominations of $1,000 each. **Price**—At par. **Proceeds**—For construction equipment; to retire equipment obligations, and for working capital. **Office**—502 First National Bank Bldg., Lincoln, Neb. **Underwriter**—First Trust Co. of Lincoln, Lincoln, Neb.

● **Don Mott Associates, Inc. (4/18)**
Oct. 27 filed 161,750 shares of class B, non-voting, common stock (par $5). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including payment on a building and the financing of loans. **Office**—Orlando, Fla. **Underwriter**—Leon H. Sullivan, Inc., Philadelphia, Pa., on a "best efforts" basis.

● **Dubois Chemicals, Inc. (5/2-6)**
March 30 filed 200,000 shares of common stock (par $1) to be publicly offered and 125,000 shares issuable under the company's Restricted Stock Option Incentive Plan for key employees. **Price**—To be supplied by amendment. **Proceeds**—To reduce a bank loan in the amount of $2,681,000. **Office**—634 Broadway, Cincinnati, O. **Underwriter**—Allen & Co., New York.

★ **Durox of Minnesota, Inc.**
April 11 filed $650,000 of 7% first mortgage bonds and 120,000 shares of common stock. The offering will be made in units of one bond ($100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. **Price**—To be supplied by amendment. **Proceeds**—For additional plant and equipment and to provide working capital to commence and maintain production. **Office** — 414 Pioneer Bldg., St. Paul, Minn. **Underwriters**—Irving J. Rice & Co., Inc., St. Paul, Minn. and M. H. Bishop & Co., Minneapolis, Minn.

Dworman Corp. (5/9-13)
Jan. 15 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—400 Park Avenue, New York City. **Underwriter**—Charles Plohn & Co., New York City.

★ **Dymo Industries, Inc. (5/16-20)**
April 11 filed 50,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds** — Approximately $200,000 of the proceeds from the sale of the stock will be used for the purchase and installation of machinery and equipment in a new plant which the company is presently negotiating to lease; $400,000 will be used for the acquisition of tools, dies, jigs and fixtures; $100,000 for leasehold improvements; and the balance for working capital. **Office**—2546 Tenth St., Berkeley, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● **Dynamic Films, Inc. (5/9-13)**
March 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 405 Park Avenue, New York, N. Y. **Underwriter**—Morris Cohon & Co., New York, N. Y.

Dynex, Inc. (4/28)
March 15 filed 54,000 common shares (25 cents par) and warrants for an additional 5,000 shares of this stock. The company proposes to make a public offering of 30,000 shares. Of the additional 24,000 shares, 20,000 are being issued in escrow for the account of, and may be resold by, the holders of capital stock and certain creditors of Matronics, Inc., after July 22, 1960 at the then prevailing market price; and 4,000 shares for the account of the holders of the common stock and a creditor of Optics Manufacturing Corp. The 5,000 warrants are being issued to stockholders and certain creditors of Matronics, Inc. **Price**—To be supplied by amendment. **Proceeds**—To finance the activities of the two newly-acquired concerns, to finance the starting of inventories and advertising incident to new products, to purchase additional equipment and inventory for the manufacture and production of contracts for other concerns, and to expand the scope of the company's business. **Office**—123 Eileen Way, Syosset, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

East Alabama Express, Inc.
April 1 (letter of notification) 77,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To repay notes payable, reduce equipment purchase obligations, accounts payable and for working capital. **Office**—109 M Street, Anniston, Ala. **Underwriter**—First Investment Savings Corp., Birmingham, Ala.

★ **Edwards Engineering Corp.**
April 8 filed 85,000 shares of common stock of which 70,000 shares are to be offered for the account of the issuing company and 15,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including salaries, sales promotion, moving expenses, and research and development work. **Office**—715 Camp Street, New Orleans, La. **Underwriter** — Sandkuhl & Co., Inc., New York City.

● **Electronic Assistance Corp. (5/16-20)**
March 17 filed 122,500 shares of common stock (par 10 cents), of which 72,500 shares are to be offered for public sale for the account of the company and the remaining 50,000 shares, now outstanding, by Robert Edwards, company president. **Price**—To be supplied by amendment. **Proceeds**—$20,000 will be used to further equip its engineering department and office, $60,000 for research and development, and $20,000 for advertising and promotion. The balance of the proceeds of approximately $594,750 will be added to working capital. **Office**—20 Bridge Ave., Red Bank, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

● **Englehard Industries, Inc. (5/9-13)**
Mar. 30 filed 400,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to reduce outstanding amount of term notes, and the balance to reduce outstanding short-term indebtedness and increase working capital. **Office**—Newark, N. J. **Underwriters** — Dillon, Read & Co. Inc., and Lazard Freres & Co., both of New York City.

● **Esquire Radio & Electronics, Inc. (5/25)**
March 30 filed 150,000 shares of common stock (par 10c). **Price**—$5 per share. **Proceeds**—$73,000 will be used to replace funds used by company for payment of subordinated notes; $50,000 to repay short-term bank obligations; and the balance of approximately $477,000 will be added to working capital and used for general corporate purposes, including financing of finished and raw material inventory. **Office**—39 Broadway, New York. **Underwriter**—Myron A. Lomasney & Co.

Ets-Hokin & Galvan, Inc. (5/9)
March 28 filed 250,000 shares of common stock (par $1). **Price**—$5.30 per share. **Proceeds**—To be added to company's working capital and will be used principally to reduce some $1,000,000 of its accounts payable. The balance will be used to reduce notes payable to the Bank of America National Trust & Savings Association. **Office**—551 Mission St., San Francisco, Calif. **Underwriter**—Van Alstyne, Noel & Co., New York.

● **FXR, Inc. (5/9-13)**
March 30 filed $2,000,000 of convertible subordinated debentures, due 1970. **Price**—To be supplied by amendment. **Proceeds**—$950,000 will be used to repay short-term notes and up to $375,000 is to be invested in Micromega Corp.; the balance of the proceeds will be used to acquire new facilities, to maintain necessary inventory to meet current and anticipated sales requirements, to supplement working capital and for other general corporate purposes. **Office**—26-12 Borough Place, Woodside, N. Y. **Underwriter**—C. E. Unterberg, Towbin Co.

Family Fund Life Insurance Co.
March 30 filed 116,800 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each 5 shares held. **Price**—$9 per share; unsubscribed shares at $10.25 per share. **Proceeds**—To increase capital and surplus and expand the business. **Office**—1515 Spring St., N. W., Atlanta, Ga. **Underwriter**—J. H. Hilsman & Co., Inc., Atlanta, Ga.

Farmers' Educational & Cooperative Union of America
March 29 filed $2,500,000 of registered debentures, series D, maturing from 1969 to 1980. **Price**—To be offered in units of $100. **Proceeds**—To pay notes maturing before Dec. 31, 1963, with $1,107,000 to be contributed to surplus or loaned to subsidiaries. **Office**—Denver, Colo. **Underwriter**—None.

Farrington Manufacturing Co. (5/2-6)
March 25 filed $6,000,000 of subordinated convertible debentures due 1970. **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to be applied to the payment of bank loans; $2,800,000 to the scanner program in 1960, including (a) $1,000,000 for expenditures by Farrington Electronics, Inc., a newly-formed date processing subsidiary, for inventory, 250,000 to purchase and test equipment for producting scanners and $250,000 as working capital; and (b) $1,300,000 for research and development. **Office**—77 A St., Needham, Mass. **Underwriters**—Cyrus J. Lawrence & Sons, New York City; and Brawley, Cathers & Co., Toronto, Ontario, Canada.

★ **Federal Steel Corp.**
March 30 (letter of notification) 59,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For an expansion program. **Office**—3327 Elkton Ave., Dayton 3, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

Fidelity Acceptance Corp.
March 24 (letter of notification) 12,000 shares of class H 6% cumulative preferred stock. **Price**—At par (25) per share). **Proceeds**—For working capital. **Office**—820 Plymouth Bldg., Minneapolis, Minn. **Underwriter**—Ray F. Kersten, 3332 E. Orange Dr., Phoenix, Ariz.

● **Figurette, Ltd. (5/9)**
March 3 filed 100,000 shares of class A common stock, (par 50 cents) **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—514 N. E. 79th Street, Miami, Fla. **Underwriter**—Myron A. Lomasney & Co., New York.

Finger Lakes Racing Association, Inc.
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A

Continued on page 38

Continued from page 37

stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co,. Inc., New York and Philadelphia. **Offering**—Delayed.

First National Realty & Construction Corp. (5/9-13)
March 28 filed 150,000 shares of cumulative preferred stock first series, $7 par, 150,000 shares of common stock, and 150,000 shares of common stock purchase warrants, series B. It is proposed that these securities will be offered in units, each unit consisting of one share of preferred, one share of common, and one warrant. **Price**—To be supplied by amendment. **Proceeds** — $182,000 will be used to repay loans made by an officer and director of the company and a corporation controlled by him to provide funds for apartment house construction; about $500,000 will be used for the repayment of a portion of bank notes; and the balance will be added to working capital for use in the acquisition of new properties and for the company's construction program. **Office**—630 Third Avenue, New York. **Underwriter**—H. Hentz & Co., New York.

Flick-Reedy Corp.
March 14 filed $691,800 of registered subordinated debentures, 6%, due February, 1972, and 69,180 shares of common stock. The company proposes to offer these securities in units, each consisting of a $100 debenture and 10 common shares. **Price**—$115 per unit. **Proceeds**—For reduction of accounts payable and corporate indebtedness. **Office**—Bensenville, Ill. **Underwriter**—None.

● **Florida Builders, Inc. (5/2-6)**
Mar. 30 filed 800,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Between $200,000 and $250,000 will be used to establish or acquire a Federal Housing Administration approved mortgage financing and service company; $200,000 will be used to pay off bank loans; and the balance for working capital. **Office**—700 43rd St. South, St. Petersburg, Fla. **Underwriter**—Jaffee & Co., New York.

● **Forest City Enterprises, Inc. (5/9-13)**
Mar. 29 filed 450,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans and for working capital. **Office**—17903 St. Clair Ave., Cleveland, O. **Underwriter**—Bache & Co., New York.

● **Forest Hills Country Club Ltd. (4/18-22)**
Jan. 29 filed 75,000 shares of common stock (par 10¢). **Price**—$4 per share. **Proceeds**—To build a country club in Forest Hills, L. I., N. Y. **Office**—179—45 Brinckerhoff Ave., Jamaica 33, L. I., N. Y. **Underwriter**—Jerome Robbins & Co., 82 Wall St., New York City.

● **Founders Mutual Depositor Corp. (5/2-6)**
March 25 (letter of notification) 60,000 shares of common stock, class A (no par). **Price**—$4.87½ per share. **Proceeds**—To go to selling stockholders. **Office**—2401 First National Bank Bldg., Denver, Colo. **Underwriter**—Hecker & Co., Philadelphia, Pa.

● **Friendly Frost Inc.**
April 5 filed 150,000 shares common stock (par 10c). An additional 96,500 shares included in the registration statement are reserved for the company's Employees' Stock Option Plan. **Price**—$7.50 per share. **Proceeds**—For repayment of bank loans, for company's expansion program, and the balance for working capital. **Office**—123 Frost Street, Westbury, L. I., N. Y. **Underwriter**—None.

● **Futterman Corp. (5/31-6/3)**
April 1 filed 660,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of properties. **Office**—580 Fifth Avenue, New York. **Underwriter**—Reynolds & Co., New York.

● **Gem International, Inc. (5/9-13)**
Mar. 29 filed 150,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$125,000 to open, furnish and equip the new Wichita store being built for the company by others; $75,000 to open, furnish and equip the second store in St. Louis, similarly being built by others; $128,600 to purchase the assets of Embee, Inc., and Garrol, Inc., who now hold the basic lease on the premises used by the Kansas City operating company and who sublease the premises to that company: $208,000 for advance to the Honolulu subsidiary to enable it to purchase the assets of Honden, Ltd., Honla Ltd., and Dacat, Ltd., which now hold the basic leases on the store building; $105,000 for advance to Gem Stores, Inc., and Gem of St. Louis, Inc., to enable those corporations to repay loans; and the balance for general corporate purposes and as needed to expand existing facilities and to establish new locations. **Office**—418 Empire Building, Denver, Colo. **Underwriters** — Bosworth, Sullivan & Co., Inc., Denver, Colo.; and Scherck, Richter Co., St. Louis, Mo.

General Aeromation, Inc. (5/9)
March 3 (letter of notification) 84,450 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For construction of additional vehicles, a demonstration and automation test center and working capital. **Office** — 6011 Montgomery Road, Cincinnati, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

General Atronics Corp. (5/18-22)
March 18 filed 155,660 shares of common stock. **Price**—$3.50 per share. **Proceeds**—$60,000 for additional laboratory and production equipment, $80,000 for additional developmental engineering and sales promotion of materials handling equipment, $80,000 for investment in Atronic Learnings Systems, Inc., $93,000 for repayment of bank loans, and $157,859 for working capital. **Office** — Bala-Cynwyd, Pa. **Underwriter** — Harrison & Co., Philadelphia, Pa.

● **General Casting Corp. (4/18-22)**
March 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1000 N. Division Street, Peekskill, N. Y. **Underwriters**—Bertner Bros. and Earl Edden Co., New York, N. Y.

● **General Development Corp. (4/18-22)**
March 2 filed $12,555,600 of convertible subordinated debentures, due May 1, 1975, to be offered for subscription by holders of the outstanding common in the ratio of $100 principal amount of debentures for each 50 shares of common held with rights to expire 16 days from date of offering. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—Goldman, Sachs & Co., New York City, will head a group which will purchase any unsubscribed debentures.

★ **General Motors Corp.**
April 6 filed 1,600,000 shares of common stock, to be offered pursuant to the company's Savings-Stock Purchase Program for Salaried Employees in the United States.

★ **General Motors Corp.**
April 6 filed 530,742 shares of common stock, being the total number of shares which at Feb. 29, 1960 were subject to (1) options which were exercisable on that date and (2) options which will become exercisable on Sept. 17, 1960. The options were issued under the company's Stock Option Plan for executives of General Motors.

● **General Shale Products Corp. (4/25-29)**
March 29 filed 220,605 shares of outstanding common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Johnson City, Tenn. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

★ **General Telephone & Electronics Corp.**
April 6 filed 2,000,000 shares of common stock, to be offered pursuant to the company's Employees' Stock Option Plan. **Office**—730 Third Ave., N. Y. C.

Glass Magic Boats, Inc. (4/25)
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Note**—The name has been changed from Glass Magic, Inc.

Goelet Corp. (5/10)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change**—Formerly Eastern Packing Corp. **Offering**—Indefinitely delayed.

Gorton's of Gloucester, Inc.
March 22 (letter of notification) 10,100 shares of common stock (no par). **Price**—At-the-market, estimated at $24½ per share. **Proceeds**—To go to selling stockholders. **Office**—327 Main St., Gloucester, Mass. **Underwriter**—Kidder, Peabody & Co., Inc., Boston, Mass.

★ **Great American Realty Corp.**
April 8 filed $2,000,000 of 7% convertible debentures due July 1, 1975, together with 110,000 shares of outstanding class A stock. **Price**—For debentures, at 100% of principal amount. **Proceeds**—For additional working capital. **Office**—15 William St., New York. **Underwriter**—For debentures, to be supplied by amendment.

Greater Washington Industrial Investments, Inc. (4/25-28)
March 21 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—To be added to other general funds of the company, and will be used to finance the company's principal small business investment company activities of providing equity capital, long-term funds, and management services to scientific and industrial small business concerns in the greater Washington area. Office—1625 Eye Street, N. W. Washington, D. C. **Underwriters**—Johnston Lemon & Co. and Auchincloss, Parker & Redpath, both of Washington, D. C.

★ **Gross Furnace Manufacturing Co., Inc.**
March 30 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Proceeds** — For advertising, equipment and working capital. **Office**—c/o Joseph J. Gross, 2411 Sunnybrook Road, Richmond, Va. **Underwriter**—Maryland Securities Co., Inc., Baltimore, Md.

● **Gulf-Tex Development, Inc.**
March 30 filed 250,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For purchase of Pelican Island; for improvements on said property; and for working capital and other general corporate purposes, including the general development of the property. **Office**—714 Rosenberg St., Galveston, Tex. **Underwriter**—Myron A. Lomasney & Co., New York.

● **Haloid Xerox, Inc.**
March 11 filed 333,213 shares of common stock (par $1.25) being offered for subscription by the company to its common stockholders of record April 11, at the rate of one new share for each 10 shares held; rights to expire on April 27 at 3:30 p.m. DST. **Price**—$24 per share. **Proceeds**—To retire some $4,000,000 of bank note indebtedness incurred to replenish working capital which has been reduced primarily by expenditures for tooling and development engineering in connection with the Xerox 914 Office Copier, and for inventories of equipment for leasing. The balance of the proceeds will be added to the company's general funds and will be used primarily for increased inventories of xerographic equipment for leasing, principally for the new copier. **Office**—6 Haloid St., Rochester, N. Y. **Underwriter**—The First Boston Corp., New York.

● **Hampshire Gardens Associates (5/2)**
April 1 filed $376,000 of Limited Partnership Interests, to be offered in units. **Price**—$500 per unit. **Proceeds**—For purchase of the fee title to a garden type apartment community (Hampshire Gardens) consisting of 14 buildings with a total of 134 apartments in Chillum, Md. **Office**—375 Park Avenue, New York. **Underwriter**—B. C. Morton & Company, Inc., New York.

Hamilton Management Corp. (4/25-29)
March 21 filed 320,000 shares of class A common stock, non-voting (par 10 cents). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—777 Grant Street, Denver, Colo. **Underwriter**—Kidder, Peabody & Co., New York.

Harburton Financial Corp. (5/19)
March 21 (letter of notification) 298,500 shares of class A common stock—non voting (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—56 Beaver Street, New York 4, N. Y. **Underwriter**—Simmons, Rubin & Co., Inc., New York, N. Y.

● **Hawley Products Co. (5/2)**
Mar. 29 filed 90,000 outstanding shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—333-39 North Sixth St., St. Charles, Ill. **Underwriter**—Dean Witter & Co., Chicago and New York.

Henry's Drive-In, Inc. (4/18-22)
March 23 (letter of notification) 100,000 shares of common stock (no par). **Price**—$2.50 per share. **Proceeds**—To purchase new sites and build drive-in restaurants for sale or lease to operators for expansion of locations. **Office**—3430 N. Harlem Avenue, Chicago, Ill. **Underwriter**—Westheimer & Co., 326 Walnut Street, Cincinnati, Ohio.

Holt, Rinehart & Winston Inc. (4/28)
March 29 filed 331,740 outstanding shares of its common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—New York City. **Underwriters** — Goldman, Sachs & Co., Allen & Co. and Shearson, Hammill & Co., all of New York.

● **Howe Plastics & Chemical Companies, Inc. (4/25-29)**
Dec. 14 (letter of notification) 60,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

Hydra-Power Corp. (5/2-6)
March 21 filed $600,000 of 6½% subordinated debentures, due 1970, with warrants to purchase 150 common shares for each $1,000 debenture. **Price**—100% of principal amount. **Proceeds**—$175,000 will be applied to the purchase of capital equipment, raw material and to finance work-in-process and finished products for Power-tronics Systems, Inc., a subsidiary engaged in research and development of a new line of products such as voltage regulators and regulated power companies; $225,000 to be used for similar purposes with respect to the operations of Electro-Powerpacs, Inc., a subsidiary engaged in the design and production of photographic and emergency lighting equipment; $100,000 for reduction of a portion of a $200,000 bank loan; and the balance for general corporate purposes. **Office**—10 Pine Court, New Rochelle, N. Y. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York.

I C Inc. (4/18-22)
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**—Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

Insured Mortgages of America, Inc.
March 14 filed $1,000,000 of 5½% collateral trust bonds. **Price**—At 100% of principal amount. **Proceeds**—To repay temporary bank loans and to purchase additional insured mortgage loans, and for other corporate purposes. **Office**—575 Colman Bldg., Seattle, Wash. **Underwriter**—None.

★ **Interchemical Corp.**
April 8 filed 97,750 shares of common stock which may be purchased under the company's Employee Stock Option Plan. **Office**—New York City.

International Aspirin Corporation
Dec. 7 filed 600,000 shares of common stock constituting their first public offering, subsequently reduced to 300,000 shares (par $1). **Price**—$1 per share. **Proceeds**—For expansion of sales and general corporate purposes. **Office**—1215 Denver U. S. National Center, Denver, Colo. **Underwriter**—Paynter & Co., Fort Morgan, Colo. **Offering**—Imminent.

● Interstate Securities Co.
Feb. 23 filed 165,000 shares of 5½% cumulative preference stock, convertible ($20 par), being offered for subscription by common stockholders of record of April 7 on the basis of one new share of preference stock for each four shares held, with rights to expire on April 25, convertible directly into common before April 1, 1965, and into 1.1 shares of common thereafter but before April 1, 1970. The conversion privilege will then expire. The preference stock may be called at from $22 to $20 a share plus dividends March 31, 1970, the preference after March 31, 1975. After, stock will be redeemable for the sinking fund at $20 a share and dividends. **Price** — $20 per share. **Proceeds** — For reduction of short-term notes. **Office**—3430 Broadway, Kansas City, Mo. **Underwriters**—Harriman Ripley & Co., Inc., New York; and Stern Brothers & Co., Kansas City, Mo.

Ionics, Inc. (5/2-6)
March 29 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Major portion of the net proceeds of sale of additional stock will be added to working capital to be applied toward financing an increasing volume of business and intensified sales efforts, and toward expanding and broadening research and development, including activities in the fuel cell field. The company expects to move to larger quarters near Waltham, Mass., and it estimates that requirements for new equipment and other costs, including moving expenses, will amount to at least $300,000. A portion of the proceeds of the stock sale may be applied to the cost of constructing the new building, but the company does not anticipate that in excess of $400,000 of the net proceeds of this offering will be used on a permanent basis for such purpose. **Office**—152 Sixth Street, Cambridge, Mass. **Underwriters**—Lee Higginson Corp., Shields & Co., and C. E. Unterberg, Towbin Co., all of New York.

Jersey Central Power & Light Co. (5/24)
March 24 filed $10,000,000 of first mortgage bonds due 1990. **Proceeds**—$5,800,000 will be applied to the payment of a like amount of outstanding notes and the balance to 1960 construction expenditures (or reimbursement of the company's treasury thereof). **Underwriter** — To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co. (managing the books), Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Smith (jointly). **Bids**—Expected to be received up to 11:00 a.m. (New York Time) on May 24.

● Kahr Bearing Corp. (4/18)
March 10 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—812 S. Flower St., Burbank, Calif. **Underwriter**—Morris Cohon & Co., New York, N. Y.

● Kenrich Petrochemicals, Inc. (5/16)
March 29 filed $175,000 of 7% convertible subordinated debentures due 1970, and 55,000 shares of class A common stock. **Price**—For debentures, 100% of principal amount; and $3.50 per class A share. **Proceeds**—$10,000 will be applied towards the repayment of demand notes, $115,000 for new plant facilities and equipment; and the balance for general corporate purposes. **Office**—120 Wall St., New York. **Underwriter**—First Philadelphia Corp., New York.

Keystone Electronics Co., Inc. (4/18-22)
Feb. 12 filed 200,000 shares of common stock. Of this stock, 133,334 shares are to be offered for public sale for the account of the company and 66,666, being outstanding stock, by the holders thereof. **Price** — $3 per share. **Proceeds**—For additional equipment and inventory; for research and development; and the balance for working capital. **Office**—65 Seventh Ave., Newark, N. J. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities, Inc., both of New York.

Lamour (Dorothy), Inc.
March 30 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—65 E. 55th Street, New York 22, N. Y. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

● Lawn Electronics Co., Inc. (4/18-22)
Nov. 25 (letter of notification) 70,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Office** — Woodward Road, Englishtown, N. J. **Underwriter**—Prudential Securities Corp., Staten Island, N. Y.

● Liberty Records, Inc.
April 1 filed 150,000 shares of common stock (par 50c). **Price**—Approximately $8.00 per share. **Proceeds**—To be added to the company's general corporate funds, substantially to meet increased demands on working capital. **Office**—6920 Sunset Boulevard, Los Angeles, Calif. **Underwriter** — Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Expected mid to late May.

Litecraft Industries, Ltd. (5/9-13)
March 29 filed $750,000 of 6¼% subordinated sinking fund debentures, due 1980, and an undetermined number of common shares, to be offered in units. **Price**—$500 per unit plus accrued interest from May 1, 1960. **Proceeds**—For general corporate purposes. **Office**—Passaic, N. J. **Underwriter**—P. W. Brooks & Co., New York.

Lite-Vent Industries, Inc. (5/16-20)
March 25 filed 100,000 shares of common stock (par $1). **Price**—$5.20 per share. **Proceeds**—To be added to company's general funds, of which $200,000 will be used for repayment of indebtedness, $45,000 to acquire additional roll forming machinery and equipment, $74,000 to repay advances by two officers, and the balance for working capital and other corporate purposes. **Office**—14637 Meyers Road, Detroit, Mich. **Underwriter**—Peter Morgan & Co., New York City.

Litho-Web, Inc.
March 7 (letter of notification) 130,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Address**—P. O. Box 168, Leaksville, N. C. **Underwriter**—Smith, Clanton & Co., Greensboro, N. C.

Loveless Properties, Inc.
Jan. 20 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay bills, for acquisition of Lacey Shopping Center, and for working capital. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter** — Andersen, Randolph & Co., Inc., Salt Lake City, Utah.

Magnasyc Corp.
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

● Magnin (Joseph) Co., Inc. (5/2-6)
March 25 filed $1,250,000 of 15-year convertible subordinated debentures due May 1, 1975, and 78,000 shares of common stock (par $1). The debentures and 35,000 common shares are to be offered for public sale by the issuing company and the remaining 43,000 common shares by the present stockholders thereof. **Price**—To be supplied by amendment. **Proceeds**—For the purchase of the Blum's interest in Specialty Shops, Inc., and the balance for general corporate purposes. **Office**—Stockton and O'Farrell Sts., San Francisco, Calif. **Underwriter**—F. S. Smithers & Co., New York City and San Francisco.

Majestic Specialties, Inc. (4/25-29)
March 25 filed 150,000 outstanding shares of common stock, (no par) to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—2530 Superior Avenue, Cleveland, Ohio. **Underwriter**—Hayden, Stone & Co., New York.

Major Pool Equipment Corp.
March 21 (letter of notification) 117,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—South Kearny, N. J. **Underwriter**—Hill, Thompson & Co., Inc., New York.

★ Marine Midland Corp.
April 6 filed 258,562 shares of common stock. The company proposes to offer these shares in exchange for all of the issued and outstanding shares of capital stock not owned by Marine Midland (except directors' qualifying shares) of its constituent banks, as follows: The Marine Trust Co. of Western New York (3.60 shares of Marine Midland stock for each share of the Trust Company's stock, or 32,382 Marine Midland shares); The Marine Midland Trust Co. of New York (2.30 for one, or 4,842 shares); Genesee Valley Union Trust Co. (5 for 1, or 2,315 shares); Marine Midland Trust Co. of Southern New York (4 for 1, or 41,780 shares); Marine Midland Trust Co. of Central New York (1.75 for one, or 31,198 shares); Marine Midland Trust Co. of Mohawk Valley (.85 for one, or 92,970 shares); The Northern New York Trust Co. (4.55 for one, or 9,342 shares); Chautauqua National Bank of Jamestown (4.40 for one, or 3,674 shares); The Manufacturers National Bank of Troy (4.15 for one, or 3,076 shares); and Marine Midland Trust Co. of Rockland, County (.75 for one, or 36,983 shares). **Office**—241 Main St., Buffalo, N. Y.

Marquette Corp. (5/2-6)
March 28 filed 461,431 shares of common stock, of which 391,431 shares will be offered for public sale. The shares to be offered for public sale include 275,031 shares to be offered for the account of the company and 116,400 which are outstanding and will be offered for the account of holders thereof. The remaining 70,000 shares are to be reserved for issuance under a new stock option plan. **Price** — For public offering, to be supplied by amendment. **Proceeds**—$400,000 will be expended for the acquisition of land, construction of a new plant, and installation of machinery and equiment for the enlargement of the company's welding electrode manufacturing capacity; an additional $100,000 will be used to retire notes payable to officers; and the balance will be added to working capital and approximately $1,000,000 may be used to reduce temporarily present bank borrowings. **Office**—307 East Hennepin Avenue, Minneapolis, Minn. **Underwriters**—Carl M. Loeb, Rhoades & Co., New York; and Piper, Jaffray & Hopwood, Minneapolis, Minn.

Maryland Acceptance & Finance Co.
March 25 (letter of notification) 100,000 shares of common stock, class A (par 20 cents). **Price**—$3 per share. **Proceeds**—For the purchase, holding and sale of notes. **Office** — 5132 Baltimore Ave., Chamber of Commerce Bldg., Hyattesville, Md. **Underwriter**—E. A. Burka, Inc., Washington, D. C.

Maryland Credit Finance Corp. (5/6)
March 29 filed 28,250 common shares, of which 25,000 shares are being sold for the account of the issuing company, and 3,250 shares are being offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the reduction of short-term indebtedness. **Office**—Easton, Md. **Underwriter**—Alex Brown & Sons, Baltimore, Md.

★ Mayfair Markets
April 1 (letter of notification) 4,918 shares of common stock (par $1) and 4,918 shares of preferred stock (par $50) to be offered in units of one share each. **Price**—$61 per unit. **Proceeds**—To liquidate obligations. **Office**—4383 Bandini Blvd., Los Angeles, Calif. **Underwriter**—None.

Mays (J. W.), Inc. (5/4)
March 29 filed 317,500 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Office** — Brooklyn, N. Y. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City.

● Medallion Pictures Corp. (5/16-20)
March 29 (letter of notification) $300,000 of 6½% convertible subordinated debentures due March 30, 1968. **Price**—At 100%. **Proceeds**—For general corporate purposes. **Office**—200 W. 57th Street, New York 18, N. Y. **Underwriter**—Hancock Securities Corp., New York, N. Y.

Medicard, Inc.
March 9 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For reserve for medical loans and operating capital. **Office**—508 Security Bldg., Denver, Colo. **Underwriter**—Equity Investment Corp., same address.

● Megadyne Electronics, Inc. (4/18)
Jan. 7 (letter of notification) 300,000 shares of common stock (par 10 cents), subsequently reduced to 269,000 shares. **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office** — 100 W. 10th Street, Wilmington, Del. **Underwriter**—Glen Arthur Co., Inc., New York, N. Y.

Melville Shoe Corp. (4/18-22)
March 15 filed $12,000,000 of 20-year debentures, due April 15, 1980. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans, increased working capital, and general corporate purposes. **Office**—New York City. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

● Menu-Matics, Inc. (4/20)
March 17 (letter of notification) 285,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For additional production equipment, inventory, and for publicity, research, marketing, and additional working capital. **Office**—176 Oak St., Newton, Mass. **Underwriter**—Pleasant Securities Co., 117 Liberty St., New York, N. Y.

Metalcraft Inc.
March 28 (letter of notification) 85,700 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office**—8608-130th Street, Richmond Hill 18, N. Y. **Underwriters**—First Broad Street Corp.; Bruno-Lenchner Inc., Pittsburgh, Pa.; Russell & Saxe; V. S. Wickett & Co., Inc. and Street & Co., New York, N. Y.

● Metal Goods Corp. (4/26)
March 18 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be used for expansion of warehouse facilities at St. Louis and Dallas and for other corporate purposes including the financing of additional inventories and receivables. **Office** — 8800 Page Blvd., St. Louis, Mo. **Underwriter**—G. H. Walker & Co., St. Louis, Mo.

Metropolitan Broadcasting Corp. (4/25-29)
March 10 filed $6,000,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—For repayment of a temporary bank loan and interest thereon, and for working capital. **Office**—205 East 67th St., New York City. **Underwriters**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

● Metropolitan Edison Co. (4/26)
Feb. 29 filed $15,000,000 of first mortgage bonds, due May 1, 1990. **Proceeds** — For 1960 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co., Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. on April 26 at the offices of General Public Utilities Corp., 67 Broad St., New York City. **Information Meeting**—Scheduled between 10:00 a.m. and 12 noon on April 22 at 67 Broad St., 25th floor.

● Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—$150,000 as reduction of temporary bank loans, $140,000 in reduction of accounts payable, $65,000 to repay notes and loans payable to Barney B. and Nathan S. Lee, and the balance for general corporate purposes. **Office**—6454 N. E. 4th Ave., Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla.

● Microdot Inc. (4/27)
March 11 filed 204,000 shares of capital stock (no par) of which 60,000 shares will be offered for public sale by the issuing company, and 144,000 shares are presently outstanding and will be offered for sale by the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans incurred for working capital purposes in the amount of $406,000; to pay in full promissory notes held by Trustees under the will of M. H. Lewis in the amount of $78,732, and (together with a

Continued on page 40

Continued from page 39

portion of the proceeds from a bank loan) for the purchase of machinery and equipment costing $200,000, for property additions and improvements, and for working capital. **Office** — 220 Pasadena Ave., South Pasadena, Calif. **Underwriter**—White, Weld & Co., Inc., Los Angeles and New York.

● Middle South Utilities, Inc. (4/20)
March 11 filed 650,000 shares of common stock (par $10). **Proceeds**—From the estimated proceeds of $16,000,000 the company proposes to invest $7,500,000 in additional stock of its subsidiary, Arkansas Power & Light Co.; $6,000,000 will be used to repay in full a promissory note due in January, 1961; and the remaining proceeds will be held in the company's treasury for further investments in system operating companies and for other corporate purposes. **Office**—2 Broadway, New York. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Blyth & Co., Inc.; Lehman Brothers; The First Boston Corp., Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected to be received by the company, at its Board Room, 28th Floor, 2 Broadway, New York 4, N. Y., up to 3:45 p.m. (EST), on April 20, 1960 or on such later date as may be fixed by the company. **Information Meeting**—Scheduled for April 14 at 11:00 a.m. (EST) in room 240, 2 Rector St., New York City.

Midwestern Indemnity Co.
March 25 (letter of notification) 15,832 shares of common stock (par $5) to be offered for subscription by stockholders of record at the close of business on March 4, 1960 in the ratio of one share for each three shares held. Offering expires on May 5, 1960. **Price**—$17 per share. **Proceeds**—For working capital. **Address**—Cincinnati, Ohio. **Underwriter**—W. D. Gradison & Co., Cincinnati, Ohio.

★ Miller & Van Winkle Co. (5/23-27)
April 7 (letter of notification) 75,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—155 Sherman Ave., Paterson, N. J. **Underwriter**—Whitmore, Bruce & Co., New York, N. Y.

Mills Factors Corp. (4/18-22)
March 8 filed 208,460 shares of common stock ($2.50 par). **Price**—$11 per share. **Proceeds**—To purchase outstanding stock and for the general fund. **Office** — New York City. **Underwriters**—Lee Higginson Corp. and C. E. Unterberg, Towbin Co., both of New York City.

Milwaukee Gas Light Co. (5/17)
March 25 filed $22,000,000 of first mortgage bonds, series due 1985. **Proceeds**—Together with $4,000,008 to be received from the sale of additional common stock to American Natural Gas Co. (parent) and treasury funds, will be used to pay off $11,115,000 of bank borrowings for construction purposes and to provide additional funds for current construction expenditures or reimburse the company's treasury therefor. **Office** — 626 East Wisconsin Ave., Milwaukee, Wis. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Kuhn, Loeb & Co. and Blyth & Co., Inc. (jointly). **Bids**—Tentatively to be received on May 17 at 10:30 a.m. (EDST) at the offices of the American Natural Gas Co., Suite 1730, 165 Broadway, New York City. **Information Meeting**—Scheduled for May 16 at 11:00 a.m. (EDST) 18th floor, 70 Broadway, New York City.

● Missile Electronics, Inc. (5/16-20)
Feb. 5 filed 214,500 shares of common stock, of which 200,000 shares will be sold for the company's account and the remaining 14,500 shares will be offered for the account of certain selling stockholders. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—89 West 3rd St., New York City. **Underwriter**—Pleasant Securities Co. of Newark, N. J.

★ Mister Service, Inc.
April 11 (letter of notification) 80,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—338 Lafayette Street, Newark, N. J. **Underwriter**—Jacey Securities Co., New York, N. Y.

● Mobilife Corp. (4/18)
Jan. 18 filed 250,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For debt reduction and working capital. **Office**—Sarasota, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla.

★ Modern Plastic Machinery Corp.
April 8 (letter of notification) 60,000 shares of class A common stock (par $2). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—64 Lakeview Avenue, Clifton, N. J. **Underwriter**—None.

● Monarch Tile Manufacturing, Inc. (4/25-29)
March 22 filed 58,337 shares of common stock (par $5) of which 30,000 shares are to be offered for public sale in behalf of the issuing company, and the remaining 28,337 shares are to be offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For repayment of bank loans and for general corporate purposes. **Office**—Oakes Street at Avenue B, San Angelo, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Texas.

Mutual Employees Trademart, Inc.
Feb. 25 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To repay current liabilities and other debts and for working capital. **Office** — 1055 Hialeah, Fla. **Underwriter**—Frank Edenfield & Co., Miami, Fla.

NAFI Corp. (4/20)
March 14 filed 200,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loan incurred in connection with acquisition of Chris-Craft Corp. and the balance to be added to the company's general funds. **Office**—527 23rd Ave., Oakland, Calif. **Underwriter**—Shields & Co., New York.

● Nalley's, Inc. (5/2-6)
March 25 filed $1,000,000 of convertible subordinated debentures due April 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—$300,000 will be used for the reduction of notes payable to banks and $150,000 will be invested in subsidiaries, either as additional equity or in the form of advances, and the balance of the proceeds will be used to augment the company's working capital position. **Office**—3410 South Lawrence St., Tacoma, Wash. **Underwriter** — Dean Witter & Co., San Francisco.

★ National Old Line Life Insurance Co.
April 12 filed 128,329 shares of class BB (non-voting) common stock, of which 43,329 shares are to be offered for the account of the issuing company and 80,000 shares representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

National Lawnservice Corp. (4/25)
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

National Union Life Insurance Co.
March 29 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For expenses in the operation of an insurance company. **Address**—Montgomery, Ala. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

● (John J.) Nesbitt, Inc. (4/20)
March 7 filed 120,000 shares of common stock, of which 40,000 shares will be sold for the company's account while 80,000 shares will be sold for the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For increase of working capital. **Office** — State Road & Rhawn St., Philadelphia, Pa. **Underwriter**—Hornblower & Weeks, New York.

● Newark Electronics Corp. (5/2-6)
March 17 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office**—223 West Madison St., Chicago, Ill. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

● New Haven Clock & Watch Co.
Jan. 29 filed 1,472,754 shares of common stock (par $1) being offered for subscription at $2 per share by common stockholders at the rate of three new shares for each five shares held on the record date of March 31, with rights to expire at 5:00 p.m. EST on April 21. **Proceeds** — For general corporate purposes, including reduction of indebtedness, development of a division, and mortgage payments. **Office**—140 Hamilton St., New Haven, Conn. **Underwriter**—None.

New Jersey Aluminum Extrusion Co., Inc. (5/3)
March 10 filed 110,000 shares of class A capital stock, of which 50,000 shares will be issued by the company and 60,000 shares are outstanding and will be offered by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be available for general corporate purposes. **Office** — New Brunswick, N. J. **Underwriter** — Laird & Company Corp., New York and Wilmington, Del.

● New Jersey Natural Gas Co. (4/25-29)
March 29 filed $3,830,000 of convertible debentures, series due 1970, to be offered to holders of its outstanding common stock at the rate of $4 principal amount of convertible debentures for each share held. The debentures will be sold at principal amount in denominations of $50, $100, $500, $1,000 and multiples of $1,000. **Proceeds**—To be applied to the partial payment of short-term bank loans outstanding in the amount of $5,000,000 and obtained in connection with the company's construction program. **Office** — 601 Bangs Ave., Asbury Park, N. J. **Underwriter**—Allen & Co., New York.

North Central Co. (5/27)
March 11 filed 420,945 shares of common stock (par $1). The company proposes to offer 142,860 shares for cash sale at $7 per share. Additional shares (amount unspecified) are to be offered in exchange for outstanding shares of North Central Life Insurance Co., of St. Paul. The rate of exchange is to be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—335 Minnesota St., St. Paul, Minn. **Underwriter**—None.

Nuclear Materials & Equipment Corp. (4/18-25)
March 2 filed 45,000 shares of common stock (no par) of which 4,980 are to be offered to warrant holders and the remainder is to be offered publicly. **Price**—To be supplied by amendment. **Proceeds**—For equipment and expansion. **Office** — Apollo, Pa. **Underwriter** — Moore, Leonard & Lynch, Pittsburgh, Pa., and New York City.

● Nuclear Research Chemicals, Inc. (5/10)
April 1 (letter of notification) 20,000 shares of common stock, class A (par $1). **Price**—$10 per share. **Proceeds**—To retire debts, to purchase laboratory equipment and supplies and for working capital. **Office**—100 N. Crystal Lake Drive, Orlando, Fla. **Underwriters**—Security Associates, Inc., Winter Park, Fla.; George O'Neill & Co., Inc., Miami Fla. and Roman & Johnson, Fort Lauderdale, Fla.

Oil Shale Corp.
March 30 filed 300,000 shares of common stock, to be offered to the holders of its outstanding common stock. The subscription date and record date will be supplied by amendment. **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—9489 Dayton Way, Beverly Hills, Calif. **Underwriter**—None.

★ Oklahoma Natural Gas Co.
April 7 filed 233,564 shares of common stock, to be offered in exchange for the common stock of Northern Oklahoma Gas Co. at the rate of four-fifths of one share of Oklahoma stock for each share of Northern Oklahoma stock. **Office** — 624 South Boston Ave., Tulsa, Okla. **Dealer-Managers** — Stone & Webster Securities Corp., New York, and Bosworth, Sullivan & Company, Inc., Denver, Colo.

● OK Rubber Welders, Inc. (5/9-13)
Mar. 29 filed 50,000 shares common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds of a $1,100,000 insurance company loan and $700,000 realized from the sale of installment notes to its wholly-owned susbidiary finance company, OK Acceptance Corp., will be used to reduce bank loans in the amount of $1,300,000; to repay other indebtedness in the amount of $228,600; and the balance of approximately $800,000 will be added to working capital. **Office**—551 Rio Grande Avenue, Littleton, Colo. **Underwriter**—Bosworth, Sullivan & Co., Inc., Denver, Colo.

● Orange & Rockland Utilities, Inc.
March 17 filed 39,165 shares of convertible cumulative preferred stock, series E (par $100) being offered for subscription by holders of its outstanding common stock of record April 14, 1960, at the rate of one share of preferred for each 50 shares of common then held; rights expire at 5:00 p.m. (EDST) on May 2. **Price**—$100 per share. **Proceeds**—To be applied to the reduction of bank notes (the proceeds of which were used for construction) and the balance will be used for further construction. **Office**—10 North Broadway, Nyack, N. Y. **Underwriter**—The First Boston Corp., New York

Otarion Listener Corp. (5/9-13)
March 28 filed 141,750 shares of common stock (par 10c). **Price**—$4 per share. **Proceeds**—Company will apply $150,000 to repay existing short-term obligations to banks; $60,000 in payment for the net assets and name of Taconic Factors, Inc. ,the stock of which is presently owned by Leland E. Rosemond, President and Board Chairman of Otarion; $100,000 for dealer and consumer advertising of the company's new model hearing aids; $40,000 for the establishment of production and sales facilities of a low-cost hearing aid in the European common market; $35,000 for research and development of subminiature products; and the balance of approximately $100,000 to be added initially to working capital and used for general corporate purposes, including financing of finished and semi-finished inventory. **Office**—Scarborough Park, Ossining, N. Y. Underwriter—D. A. Lomasney & Co., New York.

● Ott Chemical Co. (5/2-6)
March 17 filed $450,000 of convertible subordinated debentures due May 1, 1970. The company proposes to offer the debentures for subscription by common stockholders of record May 1, 1960, at the rate of a $100 debenture for each 3.11 shares then held. **Price**—100% of principal amount. **Proceeds**—For retirement of a note, for additional and improvements to properties, for equipment and the balance for working capital and other purposes. **Office** — 500 Agard Road, Muskegon, Mich. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Illinois.

● Pacemaker Boat Trailer Co., Inc. (4/25-29)
Feb. 29 (letter of notification) 300,000 shares of common steok (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of equipment, raw materials and working caiptal. **Office**—622 E. Glenolden Ave., Glenolden, Pa. **Underwriters**—Jacey Securities Co., and First City Securities, Inc., New York, N. Y.

Pacific Panel Co. (5/2-6)
Feb. 8 filed 100,000 shares of class A common stock, subsequently increased to 150,000 shares (par 50 cents). **Price**—$3. **Proceeds**—For reduction of indebtedness, for working capital; for establishment of three additional outlets and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th Street, Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc.

Pacific Vegetable Oil Corp. (5/2)
March 24 filed $2,500,000 of convertible subordinated debentures due April 1975. **Price**—To be supplied by amendment. **Proceeds**—$600,000 will be used to retire a like amount of 6¼% promissory notes; $431,250 to pay the balance of the negotiated price for the minority interest of Utah Construction & Mining Co. in Stockton Elevators, a subsidiary; and the balance for working capital. **Office**—62 Townsend St., San Francisco, Calif. **Underwriters**—Dean Witter & Co., San Francisco and New York, and Hooker & Fay, Inc., of San Francisco, Calif.

● Patrick County Canning Co., Inc. (5/31-6/3)
March 25 filed 140,000 shares of common stock. **Price**—$3 per share. **Proceeds**—About $162,000 will be applied to the payment of certain indebtedness; $25,000 for additional machinery and equipment; and $118,752 for working capital, promotion and advertising. **Office**—52 Broadway, New York. **Underwriter** — G. Everett Parks & Co., Inc., New York.

● Pearson Corp.
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other manufacturing costs. **Office**—1 Constitution St., Bristol,

R. I. **Underwriter**—R. A. Holman & Co., Inc., New York. **Offering**—Expected in June.

Pendleton Tool Industries, Inc. (4/25-29)
March 25 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire a 5% note given to the V-T Co. in partial payment of its business and certain of its assets, and the remainder of the net proceeds will be added to working capital. **Office**—2209 Santa Fe Ave., Los Angeles, Calif. **Underwriters**—Kidder, Peabody & Co., New York; and McDonald & Co., Cleveland, Ohio.

Pennsylvania Electric Co. (5/9)
March 10 filed $12,000,000 of first mortgage bonds, due May 1, 1990. **Proceeds**—To be applied to the company's 1960 construction program, or to partially reimburse its treasury for previous expenditures for that purpose. **Office**—222 Levergood St., Johnstown, Pa. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. and Blyth & Co., Inc. (jointly); Equitable Securities Corp. **Bids**—Expected May 9 at 12 noon New York time at the offices of General Public Utilities Corp., 67 Broad St., New York City. **Information Meeting** — Scheduled for May 6 between 10:00 a.m. and 12 noon.

● **Peoples Telephone Corp.**
March 29 filed 15,250 shares of common stock (par $50) to be offered to stockholders of record on May 13, 1960, at the rate of one additional share for each two shares then held with rights to expire at 3:30 p.m. (EDT) on June 15. **Price**—$75 per share. **Proceeds**—$1,100,000 will be used to repay in part short-term bank loans of $1,600,000 incurred during 1959 to provide funds for the company's continuing program of modernization, improvement and expansion; the balance of the proceeds will be added to its general funds. **Office**—218 South Washington Street, Butler, Pa. **Underwriter**—None.

★ **Philip Morris Inc.**
April 12 filed 76,011 shares of common stock, to be distributed in connection with the acquisition of A.S.R. Products Corp. The acquisition has been approved by stockholders of both companies, and the shares were registered for possible resale by the new holders. **Office**—New York City.

Plastic & Fibers, Inc.
Jan. 18 (letter of notification) 85,714 shares of common stock (par 40 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office** — Whitehead Ave., South River, N. J. **Underwriter**—Arnold Malkan & Co., Inc., New York, N. Y.

★ **Plessey Co. Ltd. of England**
April 11 Morgan Guaranty Trust Co. of New York filed American Depositary Receipts for 60,000 ordinary registered shares.

Precision Circuits, Inc. (5/2)
March 7 filed $250,000 of convertible subordinated debentures, due April 1, 1970, and 37,500 shares of common stock (par 20 cents) to be offered in units consisting of one $100 debenture and 15 common shares. **Price**—$150 per unit. **Proceeds**—For equipping of new facilities, and for general corporate purposes. **Office**—705 South Fulton Avenue, Mount Vernon, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

● **Premier Industrial Corp. (4/25-29)**
March 28 filed 212,500 outstanding shares of common stock (par $1) of which 200,000 shares will be offered for public sale and 12,500 shares to employees of the company by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—4415 Euclid Avenue, Cleveland, Ohio. **Underwriter**—A. G. Becker & Co. Inc., New York and Chicago.

Premium Acceptance Corp.
Feb. 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.15 per share. **Proceeds**—For working capital. **Office**—212 S. Tryon Street, Charlotte, N. C. **Underwriter**—R. L. Hoffman, Charlotte, N. C.

Public Service Co. of New Mexico
March 2 filed 102,231 shares of common stock (par $5) of which 97,231 shares being offered for subscription by holders of the company's outstanding common stock at the rate of one new share for each 20 shares held of record March 28 with rights to expire on April 20 at 3:30 p.m. EST. The remaining 5,000 shares will be offered to employees of the company. **Price**—$28.25 per share. **Proceeds**—Together with bank borrowings, will be applied toward the company's 1960 construction program, for other corporate purposes including the repayment of a short-term bank loan in the amount of $2,000,000, and working capital. **Office**—819 Simms Building, Albuquerque, N. Mex. **Underwriter**—Allen & Co., New York.

Puget Sound Power & Light Co. (4/20)
March 15 filed $20,000,000 of first mortgage bonds due Apr. 1, 1990. **Proceeds**—To be applied to the payment of a $15,000,000 3% promissory note due May 1, 1960, and the balance to the payment of outstanding bank loans incurred for construction purposes, which loans are expected to aggregate $10,500,000 at the time of the bond sale. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Lehman Brothers (jointly); Stone & Webster Securities Corp., Smith, Barney & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Expected to be received on April 20 at 12 noon at 90 Broad St., 19th floor, New York City. **Information Meeting**—Scheduled for April 14 at 11 a.m.

● **Pyramid Mouldings, Inc. (5/2-6)**
March 30 filed 158,000 shares of common stock (par $1) of which 3,588 shares are to be offered for public sale by the issuing company and the balance, being outstanding stock, by present holders thereof. **Price**—$11 per share. **Proceeds**—to be added to the company's working capital and used for general corporate purposes. **Office**—5353 West Armstrong Ave., Chicago, Ill. **Underwriters**—A. C. Allyn & Co., Inc., and Shillinglaw, Bolger & Co., both of Chicago, Ill.

● **Radiant Lamp Corp. (5/2-6)**
Feb. 10 filed 120,000 shares of class A stock. **Price**—$5 per share. **Proceeds** — To repay a bank loan, and for working capital. **Office**—300 Jelliff Ave., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

Rajac Self-Service, Inc. (4/20)
March 18 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—11 E. Second Street, Mt. Vernon, N. Y. **Underwriter**—Walter R. Blaha & Co., Inc., Long Island City, N. Y.

Rap-in-Wax Co. (4/18-22)
March 18 filed 107,290 shares of common stock ($1 par), of which 70,000 shares are to be offered for public sale by the issuing company. The remaining 37,290 shares are now outstanding and are to be offered by the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For additional working capital. **Office** — 150-26th Ave., S. E., Minneapolis 14, Minn. **Underwriter**—Dean Witter & Co., New York and Minneapolis.

● **Raymond Corp. (4/22)**
March 22 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $20 per share. **Proceeds** — For general corporate purposes. **Office** — Village of Greene, County of Chenango, of New York. **Underwriter**—George D. B. Bonbright & Co., Rochester, New York.

● **Realty Equities Corp. (4/18-22)**
Feb. 2 filed 150,000 shares common stock (par $1) **Price**—$5.25 per share. **Proceeds**—For general corporate purposes. **Office**—New York City. **Underwriter**—Sutro Bros. & Co., also of New York City.

● **Reeves Broadcasting & Development Corp. (5/31-6/3)**
March 30 filed 487,392 shares of common stock, of which 300,000 shares are to be publicly offered and 187,392 shares are to be purchased by Christiana Oil at $4.75 per share and distributed as a dividend to its 2,800 stockholders. **Price**—$5 per share. **Proceeds**—To pay a $110,000 bank note and for general corporate purposes. **Office**—304 East 44th St., New York. **Underwriter**—Laird & Co. Corp., New York.

Reeves Soundcraft Corp.
March 30 filed 125,000 outstanding shares of common stock. **Price**—To be sold on the American Stock Exchange or otherwise from time to time at prices current at the time of sale. **Proceeds**—To selling stockholders. **Office**—15 Great Pasture Rd., Danbury, Conn.

Reliance Manufacturing Co. (5/2-6)
March 28 filed 150,000 shares of common stock (par $5), of which 40,000 shares are to be offered for public sale for account of company. The remaining 110,000 shares are now outstanding and are to be offered for sale by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For repayment of short-term bank debt. **Office**—350 Fifth Ave., N. Y. **Underwriter**—Glore, Forgan & Co., New York.

Renner, Inc. (4/25-29)
March 11 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For working capital. **Office** — 1530 Lombard St., Philadelphia, Pa. **Underwriter** — Stroud & Co., Inc., Philadelphia, Pa.

Ritter Finance Co., Inc. (5/2-13)
March 16 filed $1,500,000 of 6½% debentures due May 1, 1975 and warrants for the purchase of 75,000 class B common shares up to April 30, 1970. It is proposed to offer these securities of public sale in units, each consisting of one $1,000 debenture and a warrant for 50 class B shares. **Price**—$1,000 per unit. **Proceeds**—To be added to the company's general funds and used initially to reduce bank loans. **Office**—Church Road and Greenwood Ave., Wyncote, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Savannah Electric & Power Co.
The company is offering 87,950 shares of common stock (par $5), to its stockholders on the basis of one new share for each 13 shares held of record on March 29, 1960. The offer will expire on April 18 at 3:30 p.m. EST. **Price**—$24.50 per share. **Proceeds**—To repay a portion of bank loans made for construction purposes. **Office**—27 West Bay Street, Savannah, Ga. **Underwriters**—The First Boston Corp. and Stone & Webster Securities Corp., both of New York.

Schaevitz Engineering
March 29 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Address**—U. S. Route 130 and Schaevitz Boulevard Pennsauken Township, N. J. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

● **Scott Aviation Corp.**
Mar. 29 filed 169,680 shares common stock (par $1), of which 62,000 shares are to be offered for public sale by issuing company and 107,680 shares, being outstanding stock, by the holders thereof, 8,000 shares are to be reserved for allotment to directors, officers and employees of the company. **Price** — To be supplied by amendment. **Proceeds**—To pay off $300,000 of bank indebtedness and for general working capital purposes. **Office**—225 Erie St., Lancaster, N. Y. **Underwriter**—The First Cleveland Corp., Cleveland, Ohio. **Offering**—Expected in mid-May.

● **Seaboard Plywood & Lumber Corp. (4/25-29)**
Feb. 25 filed $300,000 of 6½% subordinated convertible debentures, due April 1, 1970, and 30,000 shares of common stock, to be offered in units, each unit consists of $500 principal amount of debentures and 50 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire a term bank loan, and for working capital. **Office**—17 Bridge St., Watertown, Mass. **Underwriter**—Peter Morgan & Co., New York.

● **Service Instrument Corp. (4/25-29)**
March 23 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes. **Office** — 693 Broadway, New York, N. Y. **Underwriter** — Pearson, Murphy & Co., Inc., New York, N. Y.

Servonics, Inc.
Feb. 25 filed 76,600 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of one new share for each five shares held, rights to expire in April. **Price**—To be supplied by amendment. **Proceeds**—To retire bank note indebtedness; for the purchase of additional machinery, equipment and facilities; to provide additional working capital; to finance the initial payments on a tract of land to be used for possible plant construction, and the balance for general corporate purposes. **Office**—822 North Henry St., Alexandria, Va. **Underwriter**—None.

Sierra Electric Corp. (5/23-27)
March 29 filed 100,000 shares of common stock, of which 80,000 shares are to be sold for the account of the issuing company and 20,000 shares are to be sold for the account of the present holder thereof. **Price**—$9 per share. **Proceeds**—To reduce bank loans and for working capital. **Office**—Gardena, Calif. **Underwriter**—Marron, Sloss & Co., Inc., New York City.

★ **Sigma Chi Alumni Association of Tallahassee, Inc.**
April 5 (letter of notification($30,000 of certificates of indebtedness to be offered to alumni, friends members and friends of the fraternity in denominations as small as $100 each, bearing interest at 3%, due in 30 years. **Price**—At par. **Proceeds**—To purchase real estate and for working capital. **Address**—P. O. Box 1182, Tallahassee, Fla. **Underwriter**—None.

● **Simmonds Precision Products, Inc. (5/16)**
Mar. 30 filed 112,500 shares common stock (par $1), of which 100,000 shares are to be offered for public sale by issuing company and 12,500 shares being outstanding stock, by Geoffrey R. Simmonds, President. **Price**—To be supplied by amendment. **Proceeds**—To be added to company's working capital, thereby reducing the amount of funds required to be borrowed under its revolving credit agreement and putting the company in a more favorable position to secure, through borrowings, such additional funds as may be required from time to time. **Office**—105 White Plains Rd., Tarrytown, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

● **Sire Plan of Normandy Isle, Inc. (5/16)**
March 9 filed $225,000 of 10-year 7% debentures and 4,500 shares of $3.50 cumulative, non-callable, participating preferred stock (par $5), to be offered in units, each unit consisting of one $50 debenture and one preferred share. **Price**—$100 per unit. **Proceeds** — To finance acquisition. **Office**—Ingraham Bldg., Miami, Fla. **Underwriter**—Sire Plan Portfolios, Inc., New York.

Smilen Food Stores, Inc. (5/2)
March 25 filed in association with Heritage Industrial Corp. 200,000 shares of Smilen common (par $1) and 200,000 shares of Heritage (par $1). It is proposed to offer these securities for public sale in units, each unit consisting of one share of Smilen and one share of Heritage stock. **Price**—To be supplied by amendment. **Proceeds**—Smilen will use $95,000 of its share of the proceeds for remaining payments under a contract for purchase of two supermarkets and commissary from Windmill Food Stores, Inc.; $300,000 for inventory and supplies for the opening of three new supermarkets; $300,000 to repay bank loans; and the balance for general corporate purposes. Heritage will use its share of the stock as follows: $175,000 for construction and equipping of a supermarket in Franklin Square, L. I., to be leased to Smilen; $500,000 to purchase fixtures and equipment to be leased to Smilen for use in the three supermarkets to be constructed for Smilen by others; $25,000 to pay an indebtedness due Smilen; and the balance for general corporate purposes. **Office** — 47-02 Metropolitan Ave., Brooklyn, N. Y. **Underwriter**—Federman, Stonehill & Company.

★ **Socony Mobil Oil Co., Inc.**
April 8 filed $22,050,000 of Interests in the company's Employees Savings Plan, together with 490,000 shares of capital stock which may be purchased under said plan. **Office**—New York City.

Southeastern Security Insurance Co.
March 25 filed 2,133,333 shares of common stock, of which 1,633,333 shares are to be publicly offered; $500,000 of these shares are reserved for the granting of restricted stock options to management officials and employees. **Price** — $3 per share for public offering. **Proceeds**—To increase capital and surplus. **Office**—707 Market St., Knoxville, Tenn. **Underwriter**—Lucien L. Bailey & Co., Knoxville, Tenn.

● **Southern Nevada Telephone Co. (5/2-6)**
March 16 filed 100,000 shares of $25 par cumulative convertible preferred stock. **Price**—To be supplied by

Continued on page 42

Continued from page 41

amendment. **Proceeds** — To retire some $2,000,000 of bank loans and to finance in part the company's continuing construction program. **Office**—125 Las Vegas Blvd. South, Las Vegas, Nev. **Underwriter**—Dean Witter & Co. of San Francisco and New York.

● **Southwest Forest Industries, Inc. (5/2-6)**
Jan. 29 filed not to exceed an aggregate of $13,500,000 of subordinated income debentures, due 1985, and common stock, to be offered in units of such debentures and such common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construction of new plant. **Office** — 444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City.

Southwest Indemnity & Life Insurance Co.
March 29 filed 238,590 shares of common stock. The company proposes to offer this stock for subscription by common stockholders of record May 1, 1960, at the rate of one new share for each 2½ shares then held. Unsubscribed shares will be offered to certain persons, some of whom are directors and stockholders of the company, together with stock purchase warrants for 23,859 shares, for purchase for investment. **Price**—To be supplied by amendment. **Proceeds**—To be used for the company's general insurance business, thus enabling the company to acquire additional reinsurance agreements with other insurance companies, service such agreements and meet legal reserve requirements with respect to additional insurance in force thus acquired. **Office**—2013 Cedar Springs, Dallas, Tex. **Underwriter**—None.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas.

● **Spartans Industries, Inc. (5/2-6)**
March 31 filed 120,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 1 West 34th St., New York. **Underwriters**—Shearson, Hammill & Co., and J. C. Bradford & Co., both of New York.

● **Spring Street Capital Co. (4/25-29)**
March 1 filed 3,000 shares of common stock (par $100) to be offered in units of five shares at $1,000 per share. **Proceeds**—For loans to and the purchase of securities of certain business concerns. It may also use a portion of the proceeds to pay the costs and expenditures incidental to its operatons until such time as it has an income from its loans and investments. **Office**—650 South Spring St., Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Squan Marina, Inc. (5/9-13)
March 18 (letter of notification) 150,000 shares of class A common stock (par $1). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Address**—Route 70 & Upper Manasquan River Bridge, Brielle, N. J. **Underwriter**—B. Fennekohl & Co., New York, N. Y.

★ **Standard Oil Co. (Ohio)**
April 8 filed $2,960,000 of interests in the Sohio Employees Investment Plan, together with 35,000 common shares and 10,000 preferred shares (series A, 3¾%, $100 par), which may be acquired pursuant thereto. **Office**—Midland Building, Cleveland, Ohio.

Straza Industries (4/18-22)
March 14 filed 230,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes and working capital. **Office**—790 Greenfield Drive, El Cajon, Calif. **Underwriter**—J. A. Hogle & Co., of Salt Lake City and New York.

Sun Rubber Co.
Feb. 26 filed $1,000,000 of 6% subordinated debentures due April 1, 1975, and 100,000 shares of common stock (no par), to be offered in units of $100 of debentures and 10 shares of common stock. **Price**—$100 per unit. **Proceeds**—To be used in reorganization. **Office**—366 Fairview Ave., Barberton, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

● **Sunair Electronics, Inc. (4/18)**
Dec. 28 filed 200,000 shares of common stock (par $.10). **Price**—$3.00 per share. **Proceeds**—For new equipment, construction, and working capital. **Office** — Broward County International Airport, Ft. Lauderdale, Fla. **Underwriter**—Frank Karasik & Co., Inc., of New York City.

Superior Electric Co. (4/25-29)
March 17 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Bristol, Conn. **Underwriter**—Lee Higginson Corp., New York City.

Szemco, Inc.
March 28 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price** — To be supplied by amendment, and not to exceed $1.50 per share. **Proceeds**—For working capital. **Office**—c/o Otto Edward Szekely, 112 Washington St., Commerce, Ga. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

● **Tayco Developments, Inc. (4/18-22)**
Dec. 23 filed 5,390 shares of common stock to be offered for subscription by common stockholders at the rate of ten-seventy-fifths of a share for each share held. **Price**—$28.75 per share, with rights to expire 14 days from offering date. **Proceeds** — For capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

● **Taylor Devices, Inc. (4/18-22)**
Dec. 23 filed 18,705 shares of common stock to be offered for subscription by common stockholders on the basis of six-tenths of one share for each share held. **Price**—$28.75 per share, with rights to expire 14 days from offering date. **Proceeds** — To repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

★ **Telecomputing Corp. (5/16-20)**
April 11 filed 100,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholder. **Office** — 915 North Citrus Ave., Los Angeles, Calif. **Underwriter** — Dean Witter & Co., New York City and Los Angeles.

Telectro Industries Corp. (4/25)
March 21 filed $1,000,000 of 6½% convertible subordinate debentures due 1970. **Price** — 100% of principal amount. **Proceeds**—To be used to eliminate an outstanding bank loan of $700,000 and to provide additional working capital, to be used in part to reduce outstanding accounts payable. **Office**—35-16 37th Street, Long Island City, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., N. Y. C.

● **Teleregister Corp. (5/2-6)**
March 30 filed $6,000,000 of 6% subordinated sinking fund debentures, due May 1980 (with attached warrants) and 240,000 shares of common stock (no par). These securities are to be offered for sale in units, each consisting of a $1,000 debenture (with 5-year warrants to purchase 20 common shares initially at $15 per share) and 40 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For repayment of current credit agreement with bank and the balance will be applied to the company's construction program. **Office**—445 Fairfield Ave., Stamford, Conn. **Underwriters** — Ladenburg, Thalmann & Co., Bear Stearns & Co. and Sutro Bros., all of New York.

● **Teletray Electronics Systems, Inc. (4/25-29)**
Jan. 27 filed 150,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—880 Bonifant Street, Silver Spring, Md. **Underwriter**—A. T. Brod & Co., New York City.

● **Tenax, Inc. (4/18-22)**
Feb. 16 filed 150,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For expansion of issuer's freezer and food sale business. **Office**—375 Park Avenue, New York City. **Underwriter**—Myron A. Lomasney, New York City.

★ **Texas Eastern Transmission Corp.**
April 11 filed $25,000,000 of debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For the reduction of indebtedness and for construction expenses. **Office**—Houston, Texas. **Underwriter**—Dillon, Read & Co., Inc., New York City. **Offering** — Expected late in May.

● **Thermal-Aire of America, Inc.**
March 16 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For engineering, design, advertising and working capital. **Office**—1060 Broad St., Newark 2, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y. **Offering**—Imminent.

● **Thermal Industries of Florida, Inc. (4/25-29)**
Feb. 26 filed 120,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To be added to the company's general reserves. **Office**—Miami, Fla. **Underwriter**—Peter Morgan & Co., New York.

Thurow Electronics, Inc.
March 28 filed 200,000 shares of class A common stock, of which 100,000 shares are to be offered for public sale by the issuing company and the balance by H. M. Carpenter, President. **Price** — $3 per share. **Proceeds** — To be used as additional working capital for inventory and business expansion purposes. **Office**—121 South Water, Tampa, Fla. **Underwriter**—Donald V. Stabell, of St. Petersburg, Fla.

Tip Top Products Co.
Feb. 11 filed $600,000 of first mortgage sinking fund bonds, series B, due December, 1969, (with warrants). Warrants attached to each $1,000 bond will entitle holders to purchase 20 shares of class A common stock at an initial price of $11 per share. **Price**—100% of principal amount. **Proceeds** — To pay $420,000 due to Western Electric Co., Inc.; and the balance for general corporate purposes. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and The First Trust Co. of Lincoln, Neb.

Tourist Industry Development Corp.
March 22 filed $2,250,000 of 7% subordinated debenture stock, due July 1, 1978, to be offered in denominations of $500 and $1,000 and multiples of $1,000. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including hotel and restaurant loans secured by real estate mortgages. **Office**—Jerusalem, Israel. **Underwriter**—None.

Transcontinental Gas Pipe Line Corp. (4/20)
March 14 filed $35,000,000 of first mortgage bonds due 1980 and 800,000 shares of common stock (par 50 cents). **Prices**—To be supplied by amendment. **Proceeds**—To refund debt incurred for construction. **Office**—3100 Travis St., Houston, Tex. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

● **Trans Tech Systems, Inc. (5/31)**
March 29 filed 65,000 shares of common stock (par one cent). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office** — 5505 Wilshire Blvd., Los Angeles 48, Calif. **Underwriter**—Myron A. Lomasney & Co., New York.

● **Transworld Equipment Corp. (4/15)**
Jan. 25 (letter of notification) 139,832 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—119 W. 26th Street, New York 1, N. Y. **Underwriter**—Michael Fieldman, 82 Beaver Street, New York City.

● **Tri-Point Plastics, Inc.**
March 15 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—175 I. U. Willets Road, Albertson, L. I., N. Y. **Underwriters**—Amos Treat & Co., Inc. and Martinelli, Hindley & Co., Inc., New York, N. Y.

Tungsten Mountain Mining Co.
Feb. 15 (letter of notification) 50,000 shares of common stock (par $1) to be offered first for subscription by stockholders on the basis of one new share for each eight shares held. **Price**—$2 per share. **Proceeds**—For mining operations. **Office**—511 Securities Bldg., Seattle, Wash. **Underwriter**—H. P. Pratt & Co., Inc., Seattle, Wash.

Union Financial Corp. (4/20)
March 11 filed 325,000 shares of common stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—Together with bank loan, will be used to repay a $6,075,000 balance on an outstanding bank loan, and the balance will be added to working capital. **Office**—232 Superior Ave., Cleveland, Ohio. **Underwriters**—White, Weld & Co. Inc., Chicago and New York; The Ohio Company, Columbus, Ohio; and Sanders & Co., Dallas, Texas.

United American Life Insurance Co.
March 11 filed 50,000 shares of capital stock, to be offered for subscription by holders of outstanding stock in the ratio of one new share for each five shares held **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—1717 California St., Denver, Colo. **Underwriter**—None.

United Bankers Life Insurance Co., Inc.
March 23 (letter of notification)) 114,400 shares of common stock (par $1). **Price**—$2.05 per share. **Proceeds**—For expenses in the operation of an insurance company. **Office**—214 W. 20th St., Hutchinson, Kan. **Underwriter**—National Fidelity Life Insurance Co., Kansas City, Mo.

United Components, Inc. (4/18-22)
March 2 filed 110,000 shares of common stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director, at $2.50 per share and the remainder is to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, advertising, and other general corporate purposes. **Office**—Orange, N. J. **Underwriter**—Darius, Inc., New York City.

United Financial Corp. of California (5/16-20)
March 30 filed $6,000,000 of convertible subordinated debentures due April 1, 1975, and 120,000 shares of capital stock, to be offered in units of $100 of debentures and two capital shares. **Price**—To be supplied by amendment. **Proceeds**—Approximately $1,000,000 will be used for general corporate purposes, and the balance will be distributed to holders of the capital stock prior to the issuance and sale of the units. **Office**—425 South La Brea Avenue, Inglewood, Calif. **Underwriter**—Lehman Brothers, New York City.

United Industrial Corp.
March 21 filed 88,017 shares of series A convertible preferred stock, 614,130 shares of common stock, and 16,500 common stock purchase warrants. According to the prospectus, 88,017 shares of preferred and 88,017 shares of common stock may be offered for sale by the present holders thereof, namely 34,978 preferred and common shares by Bernard Fein, a Director, and 53,039 preferred and common shares by B. S. F. Co., 13% of whose stock is owned by Maurice Goodman, a Director, 16,500 warrants and 16,500 common shares are issuable to H. L. Federman and Herman Yaras in payment of a finder's fee incurred in connection with the merger. Stock purchase warrants were distributed prior to the merger on the basis of one warrant for each share of the company's common stock to stockholders of record Oct. 28, 1959; each warrant now evidences the right to purchase ½ share of common at $17 per share, and 509,613 shares are reserved for issuance upon exercise of these warrants. Additional common shares are issuable upon conversion of debentures and preferred stock and under a stock option plan. **Office**—5221 West 102nd Street, Los Angeles, Calif.

United States Boat Corp. (5/9-13)
March 28 filed 350,000 shares of common stock to be publicly offered. **Price**—$2 per share. **Proceeds**—$221,826 will be applied to the repayment of loans to United States Pool Corp. which were used for general corporate purposes, and the balance will be utilized for working capital, including a later repayment of $45,000 to U. S. Pool Corp. **Office** — 27 Haynes Avenue, Newark, N. J. **Underwriter**—Richard Bruce & Co., Inc., New York.

Universal Fabricators, Inc. (4/25-29)
Feb. 29 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—1827 Boone Avenue, Bronx 10, N. Y. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y., has withdrawn as underwriter. New underwriter is the James Co., New York City.

Universal Marion Corp.
March 29 filed 31,361 shares of 4½% cumulative preferred stock ($100 par). **Price**—To be offered for sale in the over-the-counter market, or otherwise by public or private sale at $95 per share, or such lesser price or prices which may be obtained. **Proceeds**—To selling

stockholders. **Office**—602 Florida Bldg., Jacksonville, Fla. **Underwriter**—None.

• Uranium Reduction Co. (5/2-6)
March 31 filed 200,000 outstanding shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 557 First Security Bldg., Salt Lake City, Utah. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

Uris Buildings Corp. (5/2-6)
March 29 filed $20,000,000 of sinking fund debentures (with attached warrants to purchase 800,000 common shares) and 400,000 shares of common stock. The offering will be made only in units, each unit consisting of (a) $100 principal amount of debentures with an attached warrant to purchase four shares of common stock (b) two shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay loans, defray construction costs, and general corporate purposes. **Underwriter**—Kuhn, Loeb & Co., New York.

★ Viewlex, Inc. (5/16)
April 12 filed 200,000 shares of class A common stock. The offering will include 175,000 shares to be issued by the company and 25,000 shares which are outstanding and will be offered for the account of the holders thereof. **Price**—$4 per share. **Proceeds**—$100,000 will be used to purchase additional high speed automatic production equipment; $150,000 for research and development of new products; $75,000 to be reserved to cover the costs of moving present facilities into new and enlarged quarters; and the balance for working capital. **Office**—35-01 Queens Blvd., Long Island City, N. Y. **Underwriter**—Stanley Heller & Co., New York.

Vulcatron Corp.
March 11 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To set up a plant and equipment, to purchase machinery and equipment, and for working capital. **Office** — c/o William L. Berger, 209 Washington St., Boston, Mass. **Underwriter**—P. de Rensis & Co., Inc., Boston, Mass. **Offering**—Expected in April.

• Wallace Properties, Inc. (5/31-6/3)
April 5 filed $12,000,000 principal amount of 6% convertible subordinated debentures, due June 1, 1975 and 360,000 shares of common stock (par $2), to be offered only in units, each consisting of $100 principal amount of debentures and three shares of common stock. **Price**—To be supplied by amendment. **Office**—Dallas, Texas. **Underwriter**—Harriman Ripley & Co., Inc., New York.

• Wallson Associates, Inc. (4/18)
Feb. 26 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—To discharge indebtedness, for development of additional proprietary products for the semi-conductor electronics industry, and for general corporate purposes. **Office**—912 Westfield Ave., Elizabeth, N. J. **Underwriters**—Russell & Saxe, and First Broad Street Corp., New York.

Waltham Watch Co.
March 30 filed $1,500,000 of 7% sinking fund subordinated debentures series A due April 30, 1975, with five-year common stock purchase warrants attached, and 275,000 shares of common stock. A $1,000 debenture with warrants for the purchase of 50 common shares at an initial exercise price of $3.50 per share, will be offered for sale at $1,000; a total of 75,000 shares being reserved for issuance upon exercise of the warrants. The additional 200,000 shares of common stock will be offered for subscription at $3.50 per share. The offer will be made first to stockholders of record on May 2, 1960, for a period of 30 days. Thereafter the unsubscribed debentures and stock will be offered to the public. **Proceeds**—For working capital. **Office** — 231 South Jefferson St., Chicago, Ill. **Underwriter**—None.

Weldotron Corp. (4/29)
March 23 (letter of notification) 66,666 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—841 Frelinghuysen Ave., Newark 12, N. J. **Underwriters**—Arnold Malkan & Co., Inc. and Street & Co., Inc., New York, N. Y.

• Wells Industries Corp. (4/25-29)
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City.

• Western Airlines, Inc.
Mar. 1 filed 200,000 shares of capital stock (par $1) being offered for subscription to holders of outstanding shares of such stock on the basis of one new share for each five shares held of record March 30; rights to expire on April 18 at 12:30 p.m. PST (3:30 p.m. EST). **Price**—$23 per share. **Proceeds**—For general corporate purposes. **Office** — Los Angeles, Calif. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City.

★ Westchester Country Club, Inc.
April 7 (letter of notification) 400 certificates of interest, series A. **Price**—$750 per certificate. **Proceeds**—For general corporate purposes. **Address**—Rye, N. Y. **Underwriter**—None.

• Whitmoyer Laboratories, Inc. (4/25-29)
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc.
Jan. 29 (letter of notification) 86,403 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Investment Brokers of N. J., Inc., 844 Broad Street, Newark, N. J., has withdrawn as underwriter. New underwriter is Equity Securities Co., 11 Broadway, New York City. **Note**—This statement is to be amended.

Wisconsin Electric Power Co.
March 22 filed 561,005 shares of common stock (par $10) to be offered to holders of its outstanding common stock on the basis of one share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—To be used to repay $12,000,000 of short-term bank loans incurred in connection with the company's construction program, and for further construction expenditures. **Office**—231 West Michigan Street, Milwaukee, Wis. **Underwriter**—None.

• Wolverine Shoe & Tanning Corp. (4/25-29)
March 28 filed 100,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office** — Rockford, Mich. **Underwriter**—A. G. Becker & Co., Chicago, Ill. and New York.

Yale Express System, Inc. (5/9)
March 25 filed 300,000 shares of class A stock (par 25 cents) of which 150,000 shares are to be offered for public sale by the issuing company and the balance by the company's board chairman. **Price** — $5.50 per share. **Proceeds**—$400,000 to restore working capital expended to acquire American Freight Forwarding Corp. and for expansion of the freight forwarder operation; $150,000 to restore funds advanced in connection with the terminal recently constructed in North Bergen, N. J. and the balance for expansion and improvement. **Office**—460 12th Avenue, New York. **Underwriter**—Michael G. Kletz & Co., Inc., New York.

★ Zenith Radio Corp.
April 8 filed 180,000 shares of common stock, being the shares presently issuable which may be delivered on exercise of options which have been or may be granted under the company's Employee Stock Purchase Plan 1. Of this stock, $12,450 shares remain available for options under the Plan. **Office**—Chicago, Ill.

Zero Manufacturing Co. (5/9-13)
March 28 filed 200,000 shares of common stock, of which 125,000 shares are being issued and sold by the company and 75,000 shares are being sold by certain stockholders. **Proceeds**—$250,000 will be used for the construction of a new 33,600 square foot industrial building in Burbank, Calif., $250,000 for the purchase and installation of new machinery and equipment; $150,000 for further research and development in the modular container field; and the balance will be added to working capital. **Office**—1121 Chestnut St., Burbank, Calif. **Underwriter**—Shields & Co., New York.

Prospective Offerings

Acme Steel Co.
March 25 the company's annual report stated that capital improvements during 1960-63, inclusive, have been projected to cost between $40,000,000 and $45,000,000. It is anticipated that a substantial proportion of this money will be forthcoming from depreciation and retained earnings. In addition, the sale of $10,000,000 of preferred stock in 1960 is planned to supply a part of these overall capital requirements. **Office**—Chicago, Ill.

American Cement Co.
March 14 it was announced that the company will issue up to a maximum of 422,030 common shares, which are to be used in connection with the recent acquisitions by the issuer of M. F. Hickey & Co. Inc. of New York City and Graham Brothers, Inc., of Los Angeles.

Arco Electronics
March 2 it was reported that in April this company is expected to file approximately $500,000 of common stock. **Underwriter**—Michael G. Kletz & Co., of New York City.

Baltimore Gas & Electric Co.
March 3 it was announced by J. Theodore Wolfe, President, that the company plans record construction expenditures of $50,000,000 during 1960, probably financed through the sale of first mortgage bonds. **Offering**—Expected during the first half of 1960.

Bank of California
March 29 this bank authorized the sale of 256,930 additional shares of capital stock (par $10), being offered to shareholders of record March 29 at the rate of one new share for each five shares then held; rights expire April 19 at 3:00 p.m. (PST). **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

Black Hills Power & Light Co.
Feb. 11 it was announced that the Federal Power Commission has authorized this utility, of Rapid City, S. D., to issue 7,727 shares of common stock (par $1) as a 2% dividend to its present common holders. No fractional shares will be issued, and stockholders will have the option of buying the additional fractional interest required to make full shares, or to sell their fractional interests. On March 11 the company also filed for FPC approval to issue $1,000,000 of first mortgage bonds, due 1990.

Central Illinois Electric & Gas Co.
Feb. 3 it was reported that around July about $10,000,000 of first mortgage bonds will be filed. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp., Blair & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly).

★ Chicago, Milwaukee, St. Paul & Pacific RR. (5/4)
April 8 it was reported that $4,650,000 of equipment trust certificates is scheduled for sale. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler. **Bids**—Expected to be received on May 4 up to 1:00 p.m. (EDT).

City Gas Co.
March 10 it was reported that this company is expected to file an undetermined amount of common stock sometime in April or May. **Underwriter**—Kidder, Peabody & Co., New York City.

Columbia Gas System, Inc.
March 11 it was announced that further debt financing is planned for later in the year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith, Inc., and White, Weld & Co. (jointly); Morgan Stanley & Co.; Lehman Brothers., Eastman Dillon, Union Securities & Co., and Goldman, Sachs & Co. (jointly).

★ Consolidated Edison Co. of New York (6/14)
April 8 it was reported that the company expects to sell $50,000,000 of first refunding mortgage bonds, due 1990. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and First Boston Corp. (jointly), and Morgan Stanley & Co. **Bids**—Expected to be received on June 14.

Consolidated Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produes spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

Consumers Power Co.
March 2 it was reported that this company is planning to raise new funds probably from the sale of first mortgage bonds and debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); First Boston Corp. and Harriman Ripley & Co. (jointly).

Deckert Dynamics, Inc.
March 16 it was announced that 100,000 shares of common stock are expected to be filed in early May. **Proceeds** — For general corporate purposes. **Office** — Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York City.

• Electrada Corp.
April 5 it was announced, due to an SEC error that this corporation filed 400,000 shares of common stock on March 29. Actual filing of the issue is expected to occur during the week of April 18. **Underwriter**—Bache & Co., New York.

Equitable Gas Co.
March 16 stockholders approved a proposal to increase the company's number of authorized preferred shares to 300,000 from 100,000 and to issue a new non-convertible preferred series. **Proceeds**—To be used to repay approximately $5,000,000 in short-term bank loans and to help finance 1960 construction. **Office** — Boulevard of the Allies, Pittsburgh, Pa.

Florida Power Corp.
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility, possibly in the fourth quarter of this year. **Proceeds** — For new construction and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly).

Florida Power & Light Co.
March 15 it was reported that the company will need about $25,000,000 of new money. The nature of the securities to be issued has not as yet been determined.

Ford Motor Credit Co.
March 28 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur later this year. **Office**—Detroit, Mich.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co.

Continued on page 44

Continued from page 43

(jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Harvey Aluminum Co., Torrance, Calif.
It was reported late last year that this firm—the old Harvey Machine Co. — is planning its initial public financing for the Spring. **Underwriters**—Kuhn, Loeb & Co. (managing) and Tucker, Anthony & R. L. Day, both of New York City.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

Henderson Portion Pack, Inc.
March 16 it was reported that this company is considering some financing. **Underwriter**—Burnham & Co., New York.

Houston Lighting & Power Co.
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

Idaho Power Co.
March 30 it was reported that the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1990. **Proceeds**—For capital expenditures, etc. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

Illinois Bell Telephone Co.
March 24 directors authorized plans for a $61,000,000 issue of new common shares. The stockholders will have subscription rights on the basis of one new share for each 10 held at the time of issue. **Proceeds**—To help finance the company's construction program. **Offering**—Expected in June.

Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

★ Louisville & Nashville RR. (4/21)
April 8 it was announced that the road will open bids April 28 for $7,980,000 of equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Mac Panel Co.
March 23 it was reported that negotiations are still pending regarding the filing of an issue of common stock. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

• Michigan Wisconsin Pipeline Co.
March 11 it was reported that this company plans to sell approximately $30,000,000 of pipeline bonds sometime in June. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Blyth & Co.

★ Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

Mohawk Insurance Co.
March 16 it was announced that the company expects to register its first public offering on or about April 15. The offering will consist of 75,000 common shares. **Price**—$12 per share. **Proceeds**—For expansion. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 38 Broadway, New York City.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

New Jersey Power & Light Company (7/19)
Feb. 17 it was reported that this utility is planning the sale of $5,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on July 19.

Northern Illinois Gas Co. (7/13)
Feb. 16 the company's annual report stated that $120,000,000 of new capital will be needed to meet its five-year construction program. April 5 it was announced that the company will sell $25,000,000 of first mortgage bonds. **Proceeds**—To finance a portion of the 1960-1964 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: A Halsey Stuart & Co. Inc. group. **Bids**—To be received on July 13.

Northwestern Bell Telephone Co. (6/7)
March 24 directors authorized the sale of a $45,000,000 debenture issue dated June 1, 1960, with maturity in not more than 40 years. **Proceeds**—The funds are needed to meet strong demand for service and to put into effect such service improvements as direct customer dialing of long distant calls. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; The First Boston Corp.; Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co. **Bids**—Expected to be opened on or about June 7.

Norwalk Co.
March 30 it was reported that the company plans to file an undetermined amount of common stock around the end of April. **Proceeds**—For expansion of business and general corporate purposes. **Office** — Norwalk, Conn. **Underwriter**—Myron A. Lomasney & Co., New York.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

Potomac Electric Power Co.
March 21 it was stated in the company's annual report it is anticipated that their 1960 construction program will amount to $39 million and there will be further financing of about $15 million of an as yet undetermined type. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Electric & Gas Co.
Feb. 24 it was reported that this company is planning an undetermined type of financing of approximately $85,000,000, sometime this year. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

Public Service Co. of New Hampshire
April 4 it was stated in the company's annual report that short-term borrowings will increase progressively during 1960 until further permanent financing is undertaken later in the year. The timing, type, and amount of this financing has not been determined as the annual report went to press.

Republic Graphics, Inc.
April 6 it was reported that the company plans the registration of 75,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For the expansion of the company's business, for purchase of additional equipment, and for general corporate purposes. **Office**—134 Spring Street, New York City. **Registration**—Expected during the middle of next week. **Underwriters**—Theodore Arrin & Co., Inc., 82 Beaver Street, New York City (handling the books) and T. M. Kirsch & Co. (jointly).

Rochester Gas & Electric Corp.
March 1 it was stated in the company's annual report that the company has filed an application with the New York State Public Service Commission for the right to issue $10,000,000 of new preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.

★ San Diego Gas & Electric Co.
April 8 it was reported that $25,000,000 of bonds is expected to be sold sometime in the third quarter of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly).

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

South Carolina Electric & Gas Co.
March 25, S. C. McMeekin, President, informed this paper of plans to sell an undetermined principal amount of bonds, the timing of which will be subject to market conditions. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

Southern California Edison Co.
March 15 it was stated in the company's annual report that besides the $30,000,000 issue of series L mortgage bonds sold to underwriters in January, 1960, an additional $51,000,000 will be needed to complete its estimated $120,000,000 construction program for 1960. This financing is dependent upon market condition, and will probably be some type of debt security.

Southern Electric Generating Co. (6/2)
Dec. 9 it was announced that this company plans registration with the SEC of $40,000,000 of 30-year first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly): Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp., and Drexel & Co. (jointly); The First Boston Corp. **Information Meeting**—Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2. **Registration**—Scheduled for April 29.

Southern Natural Gas Co.
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office**—Birmingham, Ala.

Southern Union Gas Co.
Feb. 5 it was reported that $11,000,000 in new financing is planned for the late Spring of this year, of an undetermined type. **Underwriters** — A. C. Allyn & Co., and Snow, Sweeney & Co., both of New York City.

Southwestern Bell Telephone Co. (8/9)
March 28 directors of this company recommended a $100,000,000 debenture issue, subject to approval by regulatory authorities. **Proceeds**—To finance an expansion and improvement program over the next five years. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on or about Aug. 9.

System Meat Co.
March 18 it was reported that this company will file about $1,000,000 of common stock. **Underwriter**—Purvis & Co., Denver, Colo. **Registration**—Imminent.

Tampa Electric Company
Feb. 2 it was stated in this company's prospectus of its most recent offering, that it contemplates some additional permanent financing in 1960. The exact nature and amount of this financing has not been determined but the company presently believes it will take the form of senior securities.

Tennessee Valley Authority
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for sometime in the fall. **Proceeds**—To finance construction of new generating capacity. Probable bidders: First Boston Corp. (managing), Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Lazard Freres & Co. Power Financing Officer: G. O. Wessenauer. Financial Advisor: Lehman Brothers.

★ Trans World Airlines, Inc.
April 8 it was announced that the company plans to offer to its stockholders $100,000,000 of subordinated income debentures with detachable common stock purchase warrants, and Hughes Tool Co. (parent) will purchase not only its pro-rata portion ($78,000,000) but also enough of any debentures not taken up by others to provide TWA with at least $100,000,000. **Proceeds** — Together with $190,000,000 proposed private placement which is presently being worked on by this company's bankers, will be used for expansion of the company's jet fleet. **Underwriters**—Dillon, Read & Co., Inc., Lazard Freres & Co., and Lehman Brothers, all of New York.

Union Electric Co.
March 16 it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of debt securities in the range of $30,000,000 to $35,000,000. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Offering**—Expected in the latter part of this year.

• Utah Power & Light Co.
April 12 it was reported that this company will ask stockholders at the annual meeting on May 16, to authorize 2,000,000 shares of $25 par preferred stock, part of which will be sold competitively. **Proceeds**—For construction purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

Washington Gas Light Co. (6/7)
March 30 it was reported that the company plans to issue and sell $12,000,000 of refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. **Information Meeting** — Scheduled for June 3 in New York at 11 a. m. **Bids**—Expected to be received up to 11:30 a. m. on June 7.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Should Non-Member Firms Charge An Extra Fee on Listed Orders?

It is not generally known among the investing public that non-member firms must pay the same commission as any other member of the public when they execute an order on a National security exchange. This actually means that they must do business at a loss every time such an order is transacted, unless they charge a service fee or extra commission over and above that charged them by the member firm executing the order.

It is well recognized, however, that non-member firms are accorded every assistance, often beyond that given to the lay public, when a profitable non-member account is handled by a member firm. This may include such items as free and complete use of the member's statistical services, literature and market letters, analyses of clients holdings, and sometimes reciprocal business in unlisted securities, or participations in selling groups of attractive underwritings that otherwise might not be available to the non-member firm. It is not always a one-way street. However, a considerable volume of listed business is placed by non-members every year which, on balance, is consummated at a net loss.

The Pros And The Cons

Is this profitable? Should a non-member meet competition and charge its customer's the same commissions as it is charged by the member firm? The dealers who charge an extra fee might argue that they are entitled to make a profit on the business they transact for customers, and that they openly disclose to their clients that they charge an extra commission, or a service fee, in addition to the regular Exchange commissions. They state that their customers are so well satisfied with their service, and advice, that they have no difficulty in exacting this extra, fully disclosed charge. If their record of performance is such that the advice they give to clients has made this possible I would certainly agree that they are fully entitled to charge any commission that they and their customers agree upon and that also is conscionable.

Over the years there are many firms that have had an excellent record of performance in handling accounts, but it is also my observation that this type of procedure is more suitable when a non-member firm specializes in the investment type account that is more interested in safety of capital producing a regular income, than trading or speculative accounts. A non-member firm that handles general market securities, bonds, new issues, listed and unlisted commons and preferreds, as well as tax exempts has a different problem. It must compete and also must encourage every type of account. This then brings up an entirely different problem.

Meet Competition

The non-member firm that diversifies its activities, and that handles listed and unlisted securities, must meet the competition of the listed firm. Thus it is also necessary to be competitive regarding commissions charged clients. Many non-member firms do not want their clients to buy listed securities from some other firm after they have bought bonds, local securities, or good unlisted securities from them. Once a customer goes to another broker for anything, from advice to the execution of an order, you no longer control the account. For this reason, many unlisted firms charge their customers the same rate of commissions on listed orders as they would pay if the order were executed by a member firm.

Abuse of a Good Thing

There is only one place where good business practice should draw the line and that is if a non-member firm has a customer who wishes to trade, or who tries to abuse a good thing. Trading accounts should be encouraged to do business through a member firm. They have the equipment to handle this business—the non-member does not. In the case of customers who do business primarily in listed securities, and who do not buy unlisted securities, then the account should also be discouraged.

This problem is not readily solved. In fact, there could be considerable improvement in the situation if someday a formula could be arranged to compensate the non-member directly for listed business. But until this happens (if it ever will) the non-member firm must be guided by an analysis of its own clientele and their buying and selling habits. Unprofitable accounts should not be handled by the non-member firm. An analysis of the account, the activity, the extent of business transacted in unlisted securities, and the amount of listed business transacted, should be the determining factor.

Very often an excellent account can be obtained that will be profitable because the proper approach was used from the inception. This entails an analysis of the investment requirements of the account, the portfolio, and the recommendations that follow. Certainly no investment portfolio should exclude listed securities, or unlisted securities. It matters not where a security is traded. It is the value, the suitability, and the quality of the investment itself that is paramount.

Highway Trailer Debens. Offered

Allen & Co. and Van Alstyne, Noel & Co. offered on April 13 $3,000,000 of this firm's 6½% convertible subordinated debentures, due Sept. 1, 1975, at 100% and accrued interest from March 1, 1960. This offering was oversubscribed and the books closed.

Net proceeds from the sale of the debentures, together with about $3,200,000 to be borrowed from insurance companies, will be used by the company to discharge its obligations to Trailco Corp.; for machinery, equipment, inventory and start-up expenditures for a proposed new plant, and for working capital. Massachusetts Mutual Life Insurance Co. and Connecticut General Life Insurance Co. have agreed to lend to Highway Trailer Co. $3,200,000 evidenced by joint and several 6½% notes of the issuing company and Highway Trailer Co., maturing April 1, 1975. It is contemplated that the loan will be made during April, 1960 and the notes will be issued at that time.

The 1975 debentures will be convertible at the option of the holder into common stock of the company at their principal amount at any time until maturity, unless previously redeemed, at an initial conversion price of $4.75 per share prior to Feb. 1, 1965, subject to certain adjustments. The debentures will be redeemable at optional redemption prices starting Sept. 1, 1960 and ranging from 106½% to par, and for the sinking fund at a redemption price of par, plus accrued interest in each case.

Dealer-Broker Recommendations

Continued from page 8

Houston Club Building, Houston 2, Texas.

Quaker City Life Insurance Company — Analysis — Suplee, Yeatman, Mosley Co., Inc., 1500 Walnut Street, Philadelphia 2, Pa. Also available is an analysis of **United Marine Inc.**

Radio Corporation of America—Appraisal—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y. Also available is a study of **Combustion Engineering Inc.**

Raytheon Company — Analysis — Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y.

Rheem Manfacturing Company—Analysis—Stanley Heller & Co., 44 Wall Street, New York 5, N. Y.

Ryder System Inc. — Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Save-Mor Drugs Inc.—Report—E. A. Burka, Inc., 1101 Vermont Ave., N. W., Washington 5, D. C.

Schield Bantam Co. — Memorandum — Securities Corp. of Iowa, Merchants National Bank Building, Cedar Rapids, Iowa.

Schield Bantam—Memorandum—Granbery, Marache & Co., 67 Wall Street, New York 5, N. Y.

Southern Natural Gas Company—Annual report—Southern Natural Gas Company, Dept. FC, Watts Building, Birmingham, Ala.

Sovereign Resources, Inc.—Bulletin—John R. Maher Associates, 32 Broadway, New York 4, N. Y.

Star Market Co. — Analysis—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Syntex Corporation — Review—Cooley & Company, 100 Pearl St., Hartford 4, Conn. Also available are data on **Giannini Controls, Standard Packaging, Magnavox, Controls Company of America, American Metal Climax** and **Baird Atomic.**

Transitron Electronic Corp.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **Drug Stocks, Insurance Co. of North America, Lock Joint Pipe Co., Republic Steel, Union Bag Camp Paper Corp.** and **F. W. Woolworth Co.**, and the current Market Review with lists of suggested securities.

Wallace & Tiernan — Analysis—Carreau & Company, 115 Broadway, New York 6, N. Y. Also available is an analysis of **Allegheny-Ludlum Steel Corp.**

Wells Gardner & Company—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a list of **Construction Co. Securities** which appear interesting and a review of the **Chemical Industry.**

Forms Douglas Co.

CAMILLUS, N. J. — Michael Georgianni is engaging in a securities business from offices at 211 Ivanhoe Ave. under the firm name of Douglas & Co.

Now With Morgan Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Tom Y. Watanabe is now connected with Morgan & Co., 634 South Spring St. He was formerly with Boren & Co.

Immediate Months Ahead Will Be Good, But No Boom!

Purchasing agents' April survey reports good production, satisfactory volume of new orders, and general agreement that business is good but not as high as last year's overoptimistic projections. Ready availability of materials is found to be keeping prices in check and to be shortening forward commitments which, in turn, has led to a general reluctance to add to inventory.

The recent monthly poll of purchasing agents, who comprise the National Association of Purchasing Agents Business Survey Committee, reveals the paradoxical situation where "good business" is producing a number of disappointments.

According to the Business Survey Committee, whose Chairman is Chester F. Ogden, Vice-President of the Detroit Edison Company, Detroit, Mich., production is good and new orders are being booked in satisfactory volume, but they are not meeting the over-optimistic goals established by many companies and industries. A number of the members attribute 1960's slow start to the poor weather conditions that have prevailed over most of the nation. Others feel that year-end objectives were set too high. There is general agreement that business for the immediate months ahead will be good, but not booming. In this respect, the members agree with those economists who are predicting a "leveling" or "plateau" period.

New orders strengthened slightly after last month's drop. March shows 30% reporting improvement, 45% at the same level, and 25% reporting declines. Production, on the other hand, slowed somewhat this month. While 26% did report higher production, 23% (last month it was 13%) tell of lower output, and 51% report no change.

Almost all materials are readily available, and this has served to keep prices in check and to lead Purchasing Executives to shorten their forward commitment time.

Employment is down slightly from last month.

There is a general reluctance on the part of Purchasing Executives to add to inventory. The special question this month sought to determine the reasons for this reluctance. The major factors, in the order of their importance, seem to be the ready availability of all materials, the belief that prices will not rise much in the months ahead, and the fact that Purchasing Executives and other top management are more aware than ever of the high cost of carrying material in stock.

Commodity Prices

Again this month, there is little change in commodity prices. In general, where price changes have occurred, they have been relatively minor in nature. Increases on some specific items have been offset by decreases on others. There are many evidences that competition is keen; and, price competition is developing on a number of items where it has not been available for years. On an over-all basis, 70% of our members say there has been no price change in the last 30 days; 23% say there has been a slight upward movement, and 7% say the trend is down.

Inventories

It is now quite clear that Purchasing Executives do not plan any inventory build-up at the present time. Since the steel strike, they have been able to replenish depleted items. The ready availability of almost all materials, coupled with the belief that prices will not rise much in the immediate period ahead, eliminates any incentive for inventory accumulation. As a result, 53% of our members report no change in their inventory situation, while 29% tell of minor additions, and 18% of slight reductions.

Employment

Adjustments in the work force are reflected this month as some of the zip disappears from the earlier enthusiasm for a first-quarter boom. While there are no reports of extensive layoffs, the number reporting reductions of people on their payrolls rose to 22% this month. Also, only 14% indicated any increase in their employment, (this compares with 24% last month). The majority, 64%, still say that their employment is being maintained at previous levels. The severity of the weather during March is blamed by many for the employment decline. Some industries were immobilized for prolonged periods of time. Construction was at a standstill in many northern communities, necessitating layoffs of substantial numbers of building trade workers.

Buying Policy

The trend toward shortening the time ahead for which Purchasing Executives are willing to commit, continues. There is an unmistakable desire to hold forward commitments to the minimum necessary to meet current production schedules. This is not at all surprising, however, when balanced against the ready availability of all the items needed. It is just good buying policy.

	Per Cent Reporting				
	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months to 1 Year
March—					
Production Materials	8	36	28	22	6
MRO Supplies	26	44	23	5	2
Capital Expenditures	9	8	14	23	46
February—					
Production Materials	6	30	32	25	7
MRO Supplies	22	43	20	13	2
Capital Expenditures	11	5	13	21	50

Specific Commodity Changes

For the first time in many months, buyers are readily finding everything they need. There are a few reports of local shortages of some items, but in no instance are there enough to be statistically significant. Of items reported up in price, only the chemicals had more than token support.

On the *up* side are: Hand tools, vegetable oils, rubber, phthalic anhydride, phthalate plasticizers, calcium chloride, chlorine, lime, rosin, dyestuffs, multiwall bags, kraft paper, and drills and taps.

On the *down* side are: Custom smelter copper, steel scrap, fuel oil, some paper products, certain items of electrical equipment, and cobalt oxide.

In *short* supply: Nothing.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Apr. 16	§79.9	*84.8	91.5	93.8
Equivalent to—					
Steel ingots and castings (net tons)	Apr. 16	§2,277,000	*2,417,000	2,607,000	2,657,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 1	7,150,510	*7,077,300	7,152,810	7,128,985
Crude runs to stills—daily average (bbls.)	Apr. 1	¶7,916,000	7,945,000	7,922,000	8,199,000
Gasoline output (bbls.)	Apr. 1	27,968,000	28,003,000	28,436,000	28,405,000
Kerosene output (bbls.)	Apr. 1	2,414,000	2,630,000	2,371,000	2,184,000
Distillate fuel oil output (bbls.)	Apr. 1	13,091,000	12,846,000	11,992,000	13,784,000
Residual fuel oil output (bbls.)	Apr. 1	6,811,000	7,278,000	6,591,000	6,798,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 1	225,595,000	225,987,000	219,428,000	213,615,000
Kerosene (bbls.) at	Apr. 1	17,538,000	18,099,000	22,256,000	18,616,000
Distillate fuel oil (bbls.) at	Apr. 1	75,119,000	78,012,000	101,702,000	78,951,000
Residual fuel oil (bbls.) at	Apr. 1	39,112,000	39,852,000	44,209,000	58,881,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 2	598,031	600,926	557,607	590,592
Revenue freight received from connections (no. of cars)	Apr. 2	562,926	566,501	532,887	559,210
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 7	$356,200,000	$383,700,000	$284,500,000	$469,800,000
Private construction	Apr. 7	175,700,000	179,900,000	158,600,000	206,500,000
Public construction	Apr. 7	180,500,000	203,800,000	125,900,000	263,300,000
State and municipal	Apr. 7	139,700,000	164,400,000	70,500,000	119,700,000
Federal	Apr. 7	40,800,000	39,400,000	55,400,000	143,600,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 2	7,500,000	8,710,000	7,600,000	7,126,000
Pennsylvania anthracite (tons)	Apr. 2	365,000	361,000	314,000	308,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Apr. 2	143	131	98	117
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 9	13,494,000	13,542,000	14,271,000	12,604,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 7	333	356	290	337
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 5	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Apr. 5	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Apr. 5	$33.17	$33.17	$33.83	$36.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 6	32.600c	32.600c	32.625c	31.625c
Export refinery at	Apr. 6	30.975c	30.850c	31.200c	30.675c
Lead (New York) at	Apr. 6	12.000c	12.000c	12.000c	11.000c
Lead (St. Louis) at	Apr. 6	11.800c	11.800c	11.800c	10.800c
‡Zinc (delivered) at	Apr. 6	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	Apr. 6	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	Apr. 6	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Apr. 6	99.500c	99.875c	100.375c	103.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Apr. 12	84.05	85.75	84.82	85.11
Average corporate	Apr. 12	85.46	85.46	84.55	89.78
Aaa	Apr. 12	89.51	89.51	88.95	92.93
Aa	Apr. 12	87.99	87.99	86.91	91.77
A	Apr. 12	84.94	84.81	84.04	90.20
Baa	Apr 12	80.08	80.08	79.01	84.55
Railroad Group	Apr. 12	82.77	82.65	82.27	88.40
Public Utilities Group	Apr. 12	86.38	86.38	84.81	89.51
Industrials Group	Apr. 12	87.72	87.59	86.65	91.34
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Apr. 12	4.15	3.96	4.06	3.95
Average corporate	Apr. 12	4.75	4.75	4.82	4.43
Aaa	Apr. 12	4.45	4.45	4.49	4.21
Aa	Apr. 12	4.56	4.56	4.64	4.29
A	Apr. 12	4.79	4.80	4.86	4.40
Baa	Apr. 12	5.18	5.18	5.27	4.82
Railroad Group	Apr. 12	4.96	4.97	5.00	4.53
Public Utilities Group	Apr. 12	4.68	4.68	4.80	4.45
Industrials Group	Apr. 12	4.58	4.59	4.66	4.32
MOODY'S COMMODITY INDEX	Apr. 12	381.4	381.5	371.2	390.5
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 2	354,126	300,817	365,868	357,953
Production (tons)	Apr. 2	304,514	316,264	330,475	295,358
Percentage of activity	Apr. 2	91	93	94	89
Unfilled orders (tons) at end of period	Apr. 2	467,129	418,526	488,510	498,653
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Apr. 8	110.85	110.85	110.40	111.52
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Mar. 18	1,957,480	2,523,250	2,545,270	3,291,090
Short sales	Mar. 18	356,530	424,270	384,280	572,550
Other sales	Mar. 18	1,631,610	2,101,810	2,278,790	2,637,930
Total sales	Mar. 18	1,988,140	2,526,080	2,663,070	3,210,480
Other transactions initiated off the floor—					
Total purchases	Mar. 18	345,930	474,760	523,890	650,670
Short sales	Mar. 18	50,600	70,600	124,400	61,800
Other sales	Mar. 18	322,400	389,050	556,480	584,430
Total sales	Mar. 18	373,000	459,650	680,880	646,230
Other transactions initiated on the floor—					
Total purchases	Mar. 18	712,645	825,013	886,215	1,030,530
Short sales	Mar. 18	94,860	122,005	321,210	199,700
Other sales	Mar. 18	626,657	675,671	953,688	959,780
Total sales	Mar. 18	721,517	797,676	1,274,898	1,159,480
Total round-lot transactions for account of members—					
Total purchases	Mar. 18	3,016,055	3,823,023	3,955,375	4,972,290
Short sales	Mar. 18	501,990	616,875	829,890	834,050
Other sales	Mar. 18	2,580,667	3,166,531	3,788,958	4,182,140
Total sales	Mar. 18	3,082,657	3,783,406	4,618,848	5,016,190
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Mar. 18	1,535,401	1,951,277	2,140,433	2,223,820
Dollar value	Mar. 18	$70,801,132	$86,691,148	$103,896,342	$108,293,867
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 18	1,236,448	1,559,105	1,564,049	2,029,208
Customers' short sales	Mar. 18	15,931	22,048	21,333	6,166
Customers' other sales	Mar. 18	1,220,517	1,537,057	1,542,716	2,023,042
Dollar value	Mar. 18	$55,539,649	$72,378,735	$75,901,995	$99,449,928
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 18	317,650	409,190	358,770	567,350
Short sales	Mar. 18	------	------	------	------
Other sales	Mar. 18	317,650	409,190	358,770	567,350
Round-lot purchases by dealers— Number of shares	Mar. 18	646,860	790,210	911,410	758,190
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Mar. 18	674,720	865,140	1,110,940	950,580
Other sales	Mar. 18	12,535,460	15,577,520	16,633,110	21,798,840
Total sales	Mar. 18	13,210,180	16,442,660	17,744,050	22,749,420
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 5	120.2	120.1	119.8	119.7
Farm products	Apr. 5	91.4	91.0	89.2	90.9
Processed foods	Apr. 5	107.0	107.1	106.8	107.1
Meats	Apr. 5	95.6	96.2	95.1	100,4
All commodities other than farm and foods	Apr. 5	128.9	128.8	128.7	128.2

*Revised figure. ¶Includes 1,049,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—			
For month of January:			
Total gas sales (M therms)	9,954,000	9,380,900	10,016,900
Natural gas sales (M therms)	9,642,400	9,124,000	9,658,500
Manufact'd & mixed gas sales (M therms)	311,600	256,900	358,400
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of February (Millions of dollars):			
Manufacturing	$54,200	*$53,700	$50,200
Wholesale	12,700	12,700	11,900
Retail	24,600	23,600	24,000
Total	$91,500	*$90,000	$86,100
COAL OUTPUT (BUREAU OF MINES)—Month of March:			
Bituminous coal and lignite (net tons)	38,200,000	33,910,000	35,229,000
Pennsylvania anthracite (net tons)	1,648,000	1,579,000	1,508,000
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM — 1947-49 Average=100—Month of March:			
Adjusted for seasonal variation	142	140	138
Without seasonal adjustment	118	*107	125
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate consumers—Month of January (000's omitted)	57,572,061	54,656,480	56,304,591
Revenue from ultimate customers—Month of January	$942,478,000	$916,555,000	$885,725,000
Number of ultimate customers at Feb. 29	57,572,061	56,572,061	56,304,591
MANUFACTURERS' INVENTORIES AND SALES Month of February (millions of dollars):			
Inventories—			
Durables	$31,500	*$30,900	$28,600
Nondurables	22,700	22,800	21,600
Total	$54,200	*$53,700	$50,200
Sales	30,300	*29,700	27,500
METAL PRICES (E. & M. J. QUOTATIONS)— March:			
Copper—			
Domestic refinery (per pound)	32.613c	32.976c	31.031c
Exports refinery (per pound)	30.745c	31.994c	30.271c
††London, prompt (per long ton)	£253.266	£263.869	£248.513
††Three months, London (per long ton)	£237.739	£273.774	£247.606
Lead—			
Common, New York (per pound)	12.000c	12.000c	11.412c
Common, East St. Louis (per pound)	11.800c	11.800c	11.209c
††London, prompt (per long ton)	£76.266	£73.863	£69.513
††Three months, London (per long ton)	£75.367	£73.774	£71.209
Zinc (per pound)—East St. Louis	13.000c	13.000c	11.000c
§§Zinc, prime Western, delivered (per pound)	13.500c	13.500c	11.500c
††Zinc, London, prompt (per long ton)	£90.160	£88.857	£75.122
††Zinc, London, three months (per long ton)	£88.899	£88.920	£73.931
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	91.351c
Silver, London (per ounce)	79.261d	79.500d	79.281d
Sterling Exchange (check)	$2.80586	$2.80329	$2.81271
Tin, New York Straits	100.125c	101.000c	103.119c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$214.000	$212.211	$224.636
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound) bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound) boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$82.000	$82.000	$76.727
Cadmium (per pound, delivered ton lots)	$1.40000	$1.40000	$1.45000
Cadmium (per pound, small lots)	$1.50000	$1.50000	$1.45000
Cobalt, 97% grade (per pound)	$1.75000	$1.75000	$1.75000
Aluminum, 99% grade ingot weighted average (per pound)	28.100c	28.100c	26.800c
Aluminum, 99% grade primary pig	26.000c	26.000c	24.700c
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of March:			
Total number of vehicles	785,130	788,367	686,439
Number of passenger cars	655,133	660,109	576,365
Number of motor trucks	129,777	127,928	109,804
Number of motor coaches	220	330	270
RUBBER MANUFACTURING ASSOCIATION INC.—Month of February:			
Passenger and Motorcycle Tires (Number of)			
Shipments	8,903,922	10,029,687	7,438,707
Production	9,370,874	9,010,575	8,965,868
Inventory	22,971,526	22,566,918	19,457,867
Truck and Bus Tires (Number of)—			
Shipments	1,278,105	1,292,258	1,117,230
Production	1,400,931	1,314,809	1,307,937
Inventory	3,501,888	3,376,343	3,584,153
Tractor Implement Tires (Number of)—			
Shipments	305,383	334,207	370,381
Production	307,364	301,605	376,069
Inventory	1,041,590	1,033,324	965,575
Passenger, Motorcycle, Truck and Bus Inner-Tubes (Number of)—			
Shipments	4,061,272	5,390,897	4,316,393
Production	4,093,059	3,899,369	4,093,794
Inventory	9,001,961	8,923,524	7,364,072
Tread Rubber (Camelback)—			
Shipments (pounds)	33,145,000	36,448,000	33,634,000
Production (pounds)	33,042,000	37,994,000	36,000,000
Inventory (pounds)	30,058,000	30,354,000	33,378,000
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of February (000's omitted):			
Exports	$1,583,000	$1,560,300	$1,280,200
Imports	1,287,000	1,137,000	1,118,100
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of March 31	$286,964,796	$290,718,804	$282,153,039
General funds balance	5,189,029	5,311,484	4,438,286
Net debt	$281,775,767	$285,407,320	$277,714,753
Computed annual rate	3.336%	3.378%	2.801%
U. S. GOVT. STATUTORY DEBT LIMITATION—As of March 31 (000's omitted):			
Total face amount that may be outstanding at any time	$295,000,000	$295,000,000	$288,000,000
Outstanding—			
Total gross public debt	286,826,484	290,583,412	282,034,279
Guaranteed obligations not owned by the Treasury	138,311	135,392	118,760
Total gross public debt and guaranteed obligations	$286,964,796	$290,718,804	$282,153,039
Deduct—Other outstanding public debt obligations not subject to debt limitation	408,805	409,671	420,743
Grand total outstanding	$286,555,990	$290,309,132	$281,732,296
Balance face amount of obligations issuable under above authority	8,444,010	4,690,867	6,267,703

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. Duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

STATE OF TRADE AND INDUSTRY

Continued from page 5

these are still disappointing when measured against capacity. While most steel executives are confident of a pickup in orders soon, the steel operating rate will continue to decline, probably into the 70's (percent of capacity) before leveling off.

On the positive side this week, "The Iron Age" notes cancellations and deferments of steel orders already placed have leveled off, and in some areas have almost ceased.

The big users of steel have their inventories at the point where they want them, and any surge of new business will mean an upsurge in new orders.

Release of pipeline projects by the government has resulted in new orders and shipments for linepipe, with more major projects due to break in the next few months. As a result, linepipe is the strongest tubular product.

After the end of May, steel business will reflect closely the rate of business done by steel users. For this reason, barometers like auto sales, appliance sales, and construction indicators are getting the closest scrutiny.

Big concern remains the one-million-plus stocks of unsold automobiles. Auto production schedules for April are erratic and vary from week to week. Two weeks ago, automakers were programming 600,000 units for the month. Today, they are planning 585,000. This compares with 579,000 for April of 1959.

Price weakness continues in some steel warehouses. Service center price cuts in the southwest in the last two weeks range from 38¢ to as high as 65¢ per cwt. The cuts were mainly through readjustments in quantity extras.

This Week's Steel Output Based On 79.9% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *141.7% of steel capacity for the week, beginning April 11, equivalent to 2,277,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *150.5% and 2,417,000 in the week beginning April 4.

Actual output for last week beginning April 4, 1960 was equal to 84.8% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity, is 79.9%.

A month ago the operating rate (based on 1947-49 weekly production) was *162.3% and production 2,607,000 tons. A year ago the actual weekly production was placed at 2,657,000 tons, or *165.4%.

*Index of production is based on average weekly production for 1947-49.

Compact Cars Represent Almost One-Third of Total Industry Output

Compact cars, in the week ended April 9, began an historic drive towards capturing one-third of the auto market with a jump to 29.2% of industry production from 27.5% the preceding week and 26.2% in entire March.

"Ward's Automotive Reports" counted 32,960 U. S. compact car assemblies during the week as industry production dropped to 133,320 units from 147,830 last week. The decline marked an inventory adjustment move designed to keep April-June production close to the year-ago level.

The reporting service said nearly every company in the industry experienced some form of production curtailment last week. A Chevrolet assembly plant at Kansas City was idle all week for schedule adjustments as was the Imperial plant at Dearborn, Mich.

Short work weeks were in force at two B-O-P plants, Chrysler at Los Angeles and St. Louis, Studebaker-Packard at South Bend, Ind., and Ford at Dearborn, "Ward's" said. The Chrysler Corp. site at Newark, Del., was closed all week following a strike by 4,500 production workers.

"Ward's" added that truck manufacturing for the week ended April 9 would decline about 9% from last week and would be 19% below the 1960 record of 32,600 units produced during the week ended Jan. 30.

The reporting service said U. S. truck output this month is expected to decline about 15% to 110,200 units from 129,529 in March. There are two fewer working days available in April than in March.

Combined car and truck production this year (2,579,792) is running 23% ahead of 1959 (2,103,135).

Carloadings for Week Ended April 2, Up 1.3% Above Corresponding 1959 Week

Loading of revenue freight for the week ended April 2, 1960, totaled 598,031 cars, the Association of American Railroads announced. This was an increase of 7,439 cars or 1.3% above the corresponding week in 1959 and an increase of 81,784 cars or 15.8% above the corresponding week in 1958.

Loadings in the week of April 2 were 2,895 cars or five-tenths of 1% below the preceding week due to observance of the Eight-Hour-Day Holiday in the coal fields.

There were 11,017 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended March 26, 1960 (which were included in that week's over-all total). This was an increase of 3,115 cars or 39.4% above the corresponding week of 1959 and 6,284 cars or 132.8% above the 1958 week. Cumulative loadings for the first 12 weeks of 1960 totaled 123,190 for an increase of 38,248 cars or 45.0% above the corresponding period of 1959, and 68,602 cars or 125.7% above the corresponding period in 1958. There were 51 Class I U. S. railroad systems originating this type traffic in the current week compared with 47 one year ago and 39 in the corresponding week of 1958.

Intercity Truck Tonnage for April 2 Week 4.2% Ahead Of Previous Week

Intercity truck tonnage in the week ended April 2 was 4.2% ahead of that of the previous week of this year, the American Trucking Associations, Inc., announced. Truck tonnage was less than 1%, or 0.8%, more than the volume in the corresponding week of 1959.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Electric Output 7.1% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 9, was estimated at 13,494,000,000 kwh., according to the Edison Electric Institute. Output was 48,000,000 kwh. below that of the previous week's total of 13,542,000,000 kwh. but showed a gain of 890,000,000 kwh., or 7.1% above that of the comparable 1959 week.

Wholesale Food Price Index Edges Up From Prior Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., edged up fractionally in the latest week from a week earlier, but was down moderately from a year ago. The index stood at $5.94 on April 5, up 0.3% from the prior week's $5.92, but was 3.6% below the year ago $6.16.

Higher in price this week were flour, wheat, bellies, lard, milk, coffee, cottonseed oil, eggs, steers, hogs, and lambs. Commodities quoted lower were barely, beef, cheese, cocoa, and raisins.

The Index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Down Slightly in Latest Week

There was a slight decline in the general commodity price level this week, reflecting lower prices on wheat, oats, hogs, steers, wool, and tin. These decreases offset slight gains on corn, lard, and butter. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 274.97 (1930-32=100) on April 11, compared with 275.45 a week earlier and 279.59 on the corresponding date a year ago.

Trading in wheat slackened during the week and receipts were light; wheat prices were down fractionally from a week earlier. Sales of wheat to flour mills were down noticeably. Volume in rye moved up somewhat and prices were steady.

The buying of corn was sustained at a high level, despite a decline in receipts; this helped prices rise slightly. Oats trading showed little change from a week earlier, and offerings were limited; prices fell fractionally from the preceding week. Soybean marketings were light and prices dipped moderately.

Purchases of flour at wholesale were sluggish this week and prices were unchanged from the prior period; export trading was slow, but inquiries were received from Holland and Indonesia. Both domestic and export buying of rice moved up significantly and prices were steady. Active in the export market were India, Peru, and Mexico.

Although trading in sugar was quiet, prices finished the week close to the prior period. Coffee volume was steady and prices were unchanged. There was an appreciable rise in cocoa prices, reflecting a moderate increase in sales.

Prices on the New York Cotton Exchange remained close to a week earlier. United States exports of cotton for the week ended last Tuesday came to about 150,000 bales, compared with 309,000 a week earlier and 58,000 in the similar period last season. Exports for the current season through April 5 came to about 4,811,000 bales, compared with 1,971,000 bales during the comparable period last year.

Business Failures Down Moderately for Week Ended Apr. 7

Commercial and industrial failures declined to 333 in the week ended April 7 from the two-year high of 356 in the preceding week, reported Dun & Bradstreet, Inc. Despite this downturn, casualties came close to the 337 occurring last year and the 342 in the comparable week of 1958. Some 13% more businesses failed than in pre-war 1939 when the toll was 295.

All of the week's decrease took place among failures with liabilities of $5,000 or more which dipped to 292 from 318 in the previous week but remained above the 272 of this size a year ago. Small casualties, those involving liabilities under $5,000, edged up to 41 from 38 last week but did not reach the 65 reported in the similar week of 1959. Liabilities exceeded $100,000 for 33 of the failing concerns as against 44 in the preceding week.

Retailing casualties fell to 155 from 172, construction to 51 from 62, while the toll among wholesalers dipped to 33 from 38. In contrast, manufacturing failures moved up to 58 from 57 and commercial service rose to 36 from 27. Mortality was heavier than a year ago in all industry and trade groups except retailing.

Geographically, the decline during the week was concentrated principally in three regions: the Middle Atlantic States, down to 91 from 112; the Pacific States, down to 66 from 80; and the West South Central, off to 14 from 20. Contrasting increases prevailed in four regions. East North Central and West North Central casualties rose most noticeably, to 66 and 15 respectively, while the South Atlantic toll edged to 41 from 40, and the New England toll to 16 from 14. Trends from comparable 1959 levels were mixed; five regions had heavier failures while four reported dips from last year.

Easter Shopping Boosts Retail Trade Volume

Warmer and more Spring-like weather stimulated Easter shopping in many areas this week, and volume was noticeably higher than a year ago, the 1959 post-Easter week. As is usual in the weeks immediately preceding Easter, shoppers concentrated more on apparel than on household goods, and the most noticeable year-to-year gains occurred in women's Spring clothing. However, volume in furniture, linens, and floor coverings was up moderately from last year. Scattered reports indicate that sales of new passenger cars advanced from a week earlier and were up significantly from a year ago.

The total dollar volume of retail trade in the week ended April 6 was 8 to 12% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Middle Atlantic +16 to +20; South Atlantic +13 to +17; East North Central and Pacific Coast +6 to +10; West North Central +5 to +9; Mountain +3 to +7; East South Central +1 to +5; New England and West South Central 0 to +4.

Best-sellers in apparel stores were millinery, Spring dresses, and fashion accessories; gains in sales of suits, coats, and sportswear were a little less noticeable. Volume in men's wear was up sharply from a week earlier and was appreciably higher than a year ago; shoppers were most interested in suits and dress shirts. The call for children's merchandise noticeably exceeded that of both the prior week and last year.

Although furniture sales slackened from the prior week, volume was up moderately from last year, with principal gains in bedroom sets, dining room sets, and upholstered chairs. Except for slight gains in television sets, purchases of major appliances remained close to a year ago.

Food sales were up slightly from the prior week. Grocers reported moderate increases in dairy products, canned fish, and Lenten specialties.

There was a marked rise this week in re-orders for women's Summer apparel over both the prior week and a year ago, with principal gains in cotton dresses, jewelry, lingerie, and sportswear. Last-minute re-orders for Easter merchandise were sluggish, as stocks were adequate in most retail stores. A marked year-to-year increase occurred in purchases of infants' wear. Wholesalers of men's apparel reported slight increases in sales of lightweight suits, sportswear and beachwear.

Bookings in synthetic cloths and other man-made fibers expanded significantly this week and stocks in some markets were noticeably reduced. Moderate gains occurred in trading in print cloths and sateens, but volume in other cotton gray goods remained sluggish. Interest in carpet wool lagged, but the call for woolens and worsteds was steady. Supplies of burlap in most markets were reduced by a sizable rise in orders. New England dyers and finishers reported a fractional increase in incoming orders.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The great American game of electing a President of the United States every four years has already taken on a thick political atmosphere in our country.

It promises to be one of the most interesting election years in a long time. We have been electing our chief magistrate for 136 years.

Even before the Wisconsin Presidential preference primary, it was conceded by many leading politicians and observers through cold political eyes that Sen. John Fitzgerald Kennedy of Massachusetts was the front runner among the Democratic candidates.

Certainly the Wisconsin primary strengthened that belief. While all eyes were on the Badger State because Senator Kennedy was running against Senator Hubert H. Humphrey of Minnesota in Mr. Humphrey's own backyard, an even bigger test may come in West Virginia, the little Switzerland of America. Even though the West Virginia delegates are not bound by the results of the primary, the vote would be highly significant.

The Mountain State primary is May 10. The population is predominantly Protestant. Senator Kennedy is Catholic. Senator Humphrey is Protestant.

Nevertheless, Senator Humphrey's left of center political philosophy is certain to be repugnant to many conservatives regardless of their religious views.

The "Religious Issue" and Wisconsin Results

There apparently was no question that the "religious issue" affected the outcome in Wisconsin, but the big and unanswered question is: Was it a sizable one?

Senator Kennedy chalked up all of his margin in the three Congressional districts that are heavily Catholic. Two of these three districts are normally strong Republican districts. Observers and students of Wisconsin politics maintain that while the New England Senator carried the three heavily Catholic districts, he was hurt because of his religion in strongly Protestant areas.

The "Milwaukee Journal," Wisconsin's largest newspaper, in discussing the religious and the Republican crossover in the election, made this observation:

"Two counties alone might tell the story of the primary. Brown County is almost two-thirds Catholic and heavily Republican. The vote was: Kennedy, 18,477; Humphrey, 5,186 and Nixon, 9,099. Here is a Republican crossover of enormous proportions, with strong evidence of religious motivation.

"Outgagamie County, not quite as Catholic but even more Republican, was a similar story: Kennedy, 13,310; Humphrey, 4,491, and Nixon, 10,264. This was another big Republican crossover, probably spurred by religious sentiment."

Senator Kennedy's campaign lieutenants also released some figures showing that a number of predominantly Protestant communities went for the Massachusetts Democrat.

Both Senator Humphrey and Minnesota Governor Orville L. Freeman maintain that Mr. Kennedy was tops in Wisconsin because of the Republican crossover voters.

In addition to the West Virginia campaign now underway, Senator Kennedy will be pitted against Senator Stuart Symington of Missouri; Senator Lyndon B. Johnson of Texas, in the Oregon primary May 20, along with Oregon's own Senator Wayne Morse.

17 Primaries

A total of 16 states and the District of Columbia are holding preferential primaries in 1960. In the Democratic convention opening in the Memorial Sports Arena at Los Angeles on July 11, these states and the District will cast a total of 698 of the 1,521 votes in the convention. In the Republican convention opening in Chicago's International Amphitheater on July 25, these same states and the District will cast 634 of the 1,331 votes in the Republican convention.

Regardless of the showing that Senator Humphrey, a Congregationalist, makes in West Virginia, he has little or no chance of getting the Democratic nomination. This is the feeling among some of his colleagues in the Senate in their private conversations. Of course, if he loses West Virginia, he is completely out of the presidential picture.

It is conceivable that he might be in line for the Vice-Presidential nomination, but it is highly improbable that the convention would nominate two United States Senators, assuming one is nominated for President to run on the same ticket.

Reports out of West Virginia estimate the Catholic population at about 5 or 6%. The percentage of Catholics is higher within the ranks of the Democrats than the Republicans, according to curbstone appraisals.

Nixon vs. Kennedy Test in Indiana

A test between Senator Kennedy, and Vice-President Richard M. Nixon, who appears assured of being the Republican nominee, will come on May 3 when the two men will be running in the Indiana Presidential primary.

The Vice-President will have to make a favorable showing in Indiana, which is supposed to lean toward Mr. Nixon, or else he would be in trouble. There is a segment of the Republican organization that is trying to start a draft movement in favor of Governor Nelson A. Rockefeller, the grandson of John D. Rockefeller, Sr., who was one of the world's richest men.

Governor Rockefeller vows that he would not accept the Republican Vice-Presidential nomination. Senator Kennedy has likewise maintained that he would not accept the No. 2 spot on the ticket. But they could change their minds.

Here in the Nation's Capital the belief is generally accepted that both men could have the Vice-Presidential nomination of their respective parties without difficulty. Both are proven vote getters in their respective states.

A Big Question

With the question being asked over and over again, can religion be an asset or a handicap in the Presidential picture, it appears it is going to be an "issue" as long as Senator Kennedy is in the race. He is the first member of the Catholic faith to seek the nomination for President since Governor Al Smith, the "Happy Warrior" from New York, went down to defeat in 1928 when Tammany Hall, rum, and Catholicism were issues.

Today, there are a lot of old political pros on Capitol Hill convinced that if John Fitzgerald Kennedy can win in West Virginia, he will be running against Richard M. Nixon in a battle to determine who moves into the White House at 1600 Pennsylvania Avenue next January.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

"I've often wondered who uses all the chains?"

COMING EVENTS

IN INVESTMENT FIELD

April 10-15, 1960 (Philadelphia, Pa.)
Institute of Investment Banking, Wharton School of Finance & Commerce, University of Pennsylvania.

April 19-20, 1960 (Philadelphia, Pennsylvania.)
Eastern Pennsylvania Group of Investment Bankers Association meeting.

April 27, 1960 (Boston, Mass.)
New England Group of Investment Bankers Association meeting.

April 28-29, 1960 (St. Louis, Mo.)
St. Louis Municipal Dealers Group Spring Party: Luncheon at Missouri Athletic Club, cocktail party and banquet at Park Plaza Hotel, April 28; Field Day at Glen Echo Country Club, April 29.

April 29, 1960 (New York City)
Security Traders Association of New York annual dinner at the Waldorf Astoria.

May 9-10, 1960 (Atlanta, Ga.)
Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.

May 11-14, 1960 (White Sulphur Springs, W. Va.)
Meeting of the Board of Governors of the Investment Bankers Association.

May 17-18, 1960 (Omaha, Neb.)
Nebraska Investment Bankers Association annual Field Day.

May 19-20, 1960 (Nashville, Tenn.)
Nashville Security Traders Association Spring Party; cocktails and dinner May 19 at Hillwood Country Club; outing May 20 at Bellemeade Country Club.

May 20, 1960 (Baltimore, Md.)
Baltimore Security Traders Association annual spring outing at Maryland Country Club.

May 20, 1960 (Rolling Rock, Pa.)
Western Pennsylvania Group of Investment Bankers Association Meeting.

May 28, 1960 (Dallas, Texas)
Dallas Security Dealers Association annual spring party at the Northwood Club.

June 2-5, 1960 (Ponte Vedra, Fla.)
Southern Group of Investment Bankers Association meeting.

June 9, 1960 (Des Moines, Iowa)
Iowa Investment Bankers Silver Anniversary field day at the Wakonda Club.

June 10, 1960 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at Overbrook Country Club, Radnor Township, Pa.

June 15-16, 1960 (Minneapolis, Minn.)
Twin City Bond Club annual outing at White Bear Yacht Club.

June 16, 1960 (Minneapolis, Minn.)
Twin City Bond Club 39th annual picnic and outing at White Bear Yacht Club (preceded by a cocktail party June 15th at the Nicollet Hotel.

June 16-19, 1960 (Murray Bay, Que., Canada)
Investment Dealers' Association of Canada annual meeting.

June 21, 1960 (Detroit & Michigan)
Security Traders Association of Detroit and Michigan Summer outing at Western Golf & Country Club.

June 25-28, 1960 (Santa Barbara, Calif.)
California Group of Investment Bankers Association meeting.